



# SHAREHOLDER INFORMATION

November 2018

Ladies and gentlemen,  
dear shareholders,

Despite the strong headwinds of higher fuel costs and high costs in relation with flight cancellations and delays, the Lufthansa Group achieved a good nine-month result. With EUR 2.4bn, Adjusted EBIT was only slightly below the record prior-year level.

The Network Airlines, our core business, have grown even stronger, they have posted a new best-ever nine-month result. Eurowings has expanded its market position, while Aviation Services continue to stabilize the overall group result. This is a clear proof of our sustainable strength – a strength that we have demonstrated even under challenging conditions this year.

The airline industry has been growing twice as fast as the global economy over the last five years. It's a development that we're benefiting from, as the strong growth of passenger numbers at our airlines shows. However, this rapid growth has really stressed the infrastructure of our industry and all the people involved in it. And occasionally it has overtaxed them, too. At Lufthansa Group only, we had to cancel 18,000 flights.

The airlines have been working for some time now with the airports and with air traffic control to develop ways and means of bringing more stability to our flight operations. Politics is also pressing for solutions. Thus, at a German government's Aviation Summit, we agreed on several actions that should help to reinstall the quality of airline services. All these actions are targeted to ensure that growth goes in line with quality. Therefore, we are reducing our growth plans and we are managing our growth better.

Please continue to give us your trust and your support.

Kind regards,



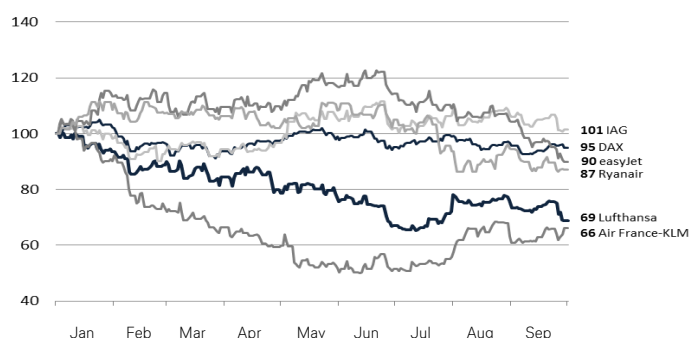
Dennis Weber  
Head of Investor Relations,  
Deutsche Lufthansa AG

**Key figures January – September 2018**

|  |           | Jan. – Sep.<br>2018 | Jan. – Sep.<br>2017 | Change<br>in % |
|--|-----------|---------------------|---------------------|----------------|
| <b>Revenue and result</b>                      |           |                     |                     |                |
| Total revenue                                  | €m        | 26,897              | 26,761              | 1              |
| of which traffic revenue                       | €m        | 21,145              | 21,360              | - 1            |
| Adjusted EBITDA                                | €m        | 3,730               | 3,836               | - 3            |
| Adjusted EBIT                                  | €m        | 2,362               | 2,560               | - 8            |
| EBIT   | €m        | 2,361               | 2,435               | - 3            |
| Net profit/loss for the period                 | €m        | 1,742               | 1,853               | - 6            |
| <b>Key balance sheet and cash flow figures</b> |           |                     |                     |                |
| Total assets                                   | €m        | 39,247              | 38,524              | 2              |
| Equity ratio                                   | %         | 29.2                | 22.3                | 6.9 pts.       |
| Net indebtedness                               | €m        | 2,477               | 521                 | 375            |
| Cash flow from operating act.                  | €m        | 3,771               | 4,459               | - 15           |
| Capital expenditures (gross)*                  | €m        | 2,496               | 1,962               | 27             |
| Free cash flow                                 | €m        | 1,152               | 2,790               | - 59           |
| <b>Lufthansa share</b>                         |           |                     |                     |                |
| Share price at the quarter-end                 | €         | 21.16               | 23.51               | - 10           |
| Earnings per share                             | €         | 3.69                | 3.95                | - 7            |
| <b>Traffic figures**</b>                       |           |                     |                     |                |
| Flights  | number    | 924,954             | 850,717             | 9              |
| Passengers                                     | thousands | 108,522             | 97,891              | 11             |
| Available seat-kilometres                      | millions  | 264,230             | 244,842             | 8              |
| Revenue seat-kilometres                        | millions  | 216,594             | 199,176             | 9              |
| Passenger load factor                          | %         | 82.0                | 81.3                | 0.6 pts.       |
| Available cargo tonne-kilometres               | millions  | 12,198              | 11,716              | 4              |
| Revenue cargo tonne-kilometres                 | millions  | 8,094               | 7,989               | 1              |
| Cargo load factor                              | %         | 66.4                | 68.2                | -1.8pts.       |

\* Without acquisition of equity investments.  
\*\* Previous year's figures have been adjusted.

**Performance of the Lufthansa share Jan.-Sep. 2018, indexed as of 31.12.2017, compared with the DAX and competitors, in %**



The Lufthansa share stood at EUR 21.16 at the end of the third quarter of 2018. This represents a decrease in the share price of 31 % since year-end 2017. The DAX Index fell by 5 % and the STOXX Europe Total Market Airlines index fell by 16 % over the same period.

As of 30 September 2018, eleven analysts recommended the Lufthansa share as a buy, seven as a hold and three as a sell. The average target price was EUR 27.50. The free float for Lufthansa shares was unchanged at 100 % at the end of the third quarter of 2018. 68 % of Lufthansa shares were held by German investors.

The third Interim Report 2018 as well as the related presentation of the board are available on the website <http://www.lufthansagroup.com/investor-relations/en>.



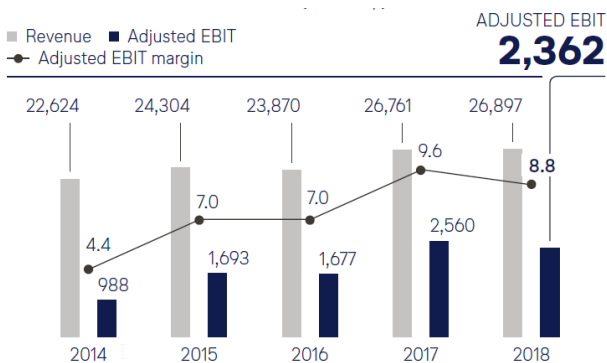
## Economic development

In the first nine months of 2018, Lufthansa Group achieved a year on year increase in revenue by 6 % to EUR 26,987m after adjusting for the effects of the first-time application of financial reporting standard IFRS 15 (Revenue from Contracts with Customers). Constant currency unit revenues (RASK) excluding IFRS 15 effects for passenger airlines were up by 0.3 %.

Operating expenses grew by 6 % year on year, excluding IFRS 15 effects. Fuel costs increased by 14 %. Constant currency unit costs (CASK) excluding fuel and IFRS 15 effects for passenger airlines remained stable year on year.

Adjusted EBIT decreased by 8% to EUR 2,362m, primarily due to the decrease in earnings at Eurowings in relation to one-off integration expenses and irregularities in flight operations.

Revenue, Adjusted EBIT (in €m) und Adj. EBIT margin (in %), Jan. – Sep.



Earnings at Network Airlines increased despite higher fuel costs and higher expenses due to irregularities in flight operations. Earnings in Logistics and Catering segments were up on previous year, while MRO was slightly down.

Revenue and Adjusted EBIT by business segments, Jan. – Sep. 2018

|                  | Revenue | Year on year change | Adjusted EBIT | Year on year change |
|------------------|---------|---------------------|---------------|---------------------|
|                  | in €m   | in %                | in €m         | in %                |
| Network Airlines | 17,094  | - 3                 | 1,960         | 1                   |
| Eurowings        | 3,240   | 7                   | - 65          | -                   |
| Logistics        | 1,960   | 12                  | 153           | 56                  |
| MRO              | 4,390   | 10                  | 322           | - 3                 |
| Catering         | 2,413   | - 1                 | 99            | 50                  |
| Other            | 742     | 128                 | - 92          | - 441               |

## Significant events

### Lufthansa Group buys more new generation short- and medium-haul aircraft

On 28 September 2018, the Supervisory Board of Deutsche Lufthansa AG approved the purchase of 27 short- and medium-haul aircraft of the Airbus A320 family. Further information on this can be found on page 4 of this Shareholder Information.

### Lufthansa Group optimizes hub management of the network airlines and prepares for moderate growth in summer 2019

Lufthansa Group continues to consistently optimize the management of its hubs in Munich, Frankfurt, Zurich and Vienna. The main focus is on the flexible multi-hub system: newly integrated processes mean that Lufthansa Group is increasingly able to move fleets and traffic wherever the conditions are best for quality, growth and profitability.

Specifically, the Lufthansa Executive Board decided to accelerate its growth at the Munich location and develop the Bavarian capital into a hub with a focus on Asia. The transfer of five Airbus A380 aircraft from Frankfurt to Munich in Summer 2018 was very well received by the market and has been a resounding success. In view of these results, Lufthansa is considering transferring additional A380 aircraft from Frankfurt to Munich in 2020.

The strategic focus of the Frankfurt hub will continue to be on optimising the destination mix in terms of increased quality. Lufthansa will curb its growth at this hub in order to improve punctuality and operational stability.

## Outlook

Lufthansa Group confirms its full-year outlook for 2018. After the first nine months of 2018, Lufthansa Group is still expecting revenue excluding IFRS 15 effects to be significantly above the previous year and Adjusted EBIT to be slightly below the previous year.

With originally-planned capacity for the winter timetable period now slightly reduced, total annual capacity is expected to be around 8 % above 2017. The Group still expects to post a slight increase in unit revenues for the year as a whole. The reduction in unit costs excluding fuel and currency effects is expected to be around 1 %, despite the negative impact of integration costs at Eurowings. Fuel costs are projected to be around EUR 850 million higher than in 2017. The Group expects to report a slightly lower annual Adjusted EBIT for its Aviation Services segment. This is related to a more negative result at Other Businesses & Group Functions, owing to an absence of the currency gains reported here in 2017.

The earnings forecast for individual companies and airlines is shown in the following table:

|                                 | Forecast - Adjusted EBIT |                                     |
|---------------------------------|--------------------------|-------------------------------------|
|                                 | Adjusted EBIT 2017 in €m | Forecast for 2018                   |
| Lufthansa German Airlines       | 1,627                    | slightly below previous year        |
| SWISS                           | 542                      | above previous year*                |
| Austrian Airlines               | 94                       | below previous year*                |
| Network Airlines                | 2,263                    | slightly below previous year        |
| Eurowings                       | 94                       | negative*                           |
| Logistics                       | 242                      | roughly stable*                     |
| MRO                             | 415                      | roughly stable*                     |
| Catering                        | 66                       | significantly above previous year*  |
| Other                           | - 130                    | below previous year*                |
| Internal revenue/Reconciliation | 23                       |                                     |
| <b>Lufthansa Group</b>          | <b>2,973</b>             | <b>slightly below previous year</b> |

\* Forecast has been adjusted compared with the Annual Report 2017.

## Digitalisation in the Lufthansa Group

### Digital Lighthouse Initiatives

Digitalisation is considered a driver of the aviation value chain, making it a key element of the strategy pursued by the Lufthansa Group, both across and within individual business segments. The Lufthansa Group is the most digitalised aviation group in the world, and the following digitalisation projects have played a key part in this.

#### Lufthansa Innovation Hub

The Lufthansa Innovation Hub in Berlin is the central digitalisation unit within the Lufthansa Group. Since it was set up in 2014, the unit, which was rewarded "Germany's best innovation lab", has been developing new digital business models, partnerships, and strategic investments which span the entire travel and mobility chain.

The Innovation Hub has had two additional sites in Singapore and Shenzhen, China, since July 2018. This makes Lufthansa Group the first non-Asian airline group to expand its digitalisation efforts eastwards. Bolstered by the Asian start-up scene, the Innovation Hub is conquering the world's most dynamic market for digital travel and mobility solutions. 70 per cent of the world's venture capital was invested here last year. Asia is home to twelve "unicorns" in the travel and mobility tech sector, i.e. start-ups with a market value in excess of one billion US dollars. Asia is also the decisive market for innovations. Experts predict that vertical take-off and landing will be put into practice in Asia much earlier than in the western hemisphere. After all, Lufthansa Group has had a market presence in Asia since 1937, and can rely on its proven knowledge of the market – despite all the new developments since then.

#### AVIATAR

AVIATAR, a platform for digital MRO products and services, is the centrepiece of the digitalisation projects being pursued by Lufthansa Technik.



AVIATAR is the only open digital platform for aircraft operation and can be used to offer a whole range of digital MRO (Maintenance, Repair and Overhaul) products and services via numerous applications (apps). By way of example, customers can use apps to monitor their fleet, analyse data with one click, prepare maintenance forecasts, manage idle periods, order spare parts and directly compare quotes for maintenance inspections.

By 2025, more than 38,000 new aircraft will be in operation worldwide, producing 50 times as much data as today. This also translates into a rising number of aircraft handovers, unscheduled maintenance, necessary parts and higher subsequent costs, as well as increasingly complex processes. More than half of the total operating costs incurred by airlines are linked to MRO services. AVIATAR connects the airlines' MRO partners and offers digital MRO solutions. The customers' needs are paramount, regardless of the provider. The platform therefore also allows external partners to offer MRO apps. The number of AVIATAR apps has doubled within a very short period. Customers can select and combine the apps they need to suit their individual needs.

#### SMARTGate

Thanks to SMARTGate, Lufthansa Cargo can record cargo weight and volume quickly and accurately.

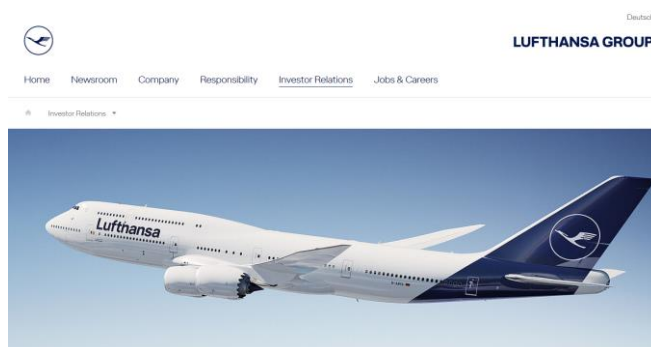
The cargo acceptance department is responsible for comparing the actual volume and weight of the delivered cargo against the volume and weight booked by the customer. Some Lufthansa Cargo stations are already performing these checks on a fully automated basis using a fast and precise weighing and measuring process.

The automated volume scanner is called SMARTGate. It uses camera and barcode technology to make local handling processes more efficient, and allows for error-free invoicing. The innovative system also supports pallet contour checks. The system makes all the data available in Lufthansa Cargo's IT systems so it can be accessed when required. In this way, Lufthansa Cargo is driving the digitalisation of freight handling processes forward. The volume scanner is currently in use at the Lufthansa Cargo locations in Frankfurt, Munich, Atlanta, New York JFK, Chicago, Los Angeles and Johannesburg.

### Digitalisation in Investor Relations

#### New Investor Relations website goes live

Digitalisation is also well underway in Investor Relations. The new Investor Relations website went live in September. A responsive design ensures the optimum display of the website's content, irrespective of the device used to access the site.



#### CURRENT NEWS

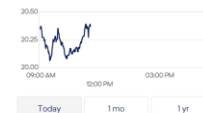
09.11.2018 Financial news  
Lufthansa Group Airlines welcome around 13.2 million passengers on board in October 2018

30.10.2018 Financial news  
Lufthansa reduces planned growth for 2019

10.10.2018 Financial news  
Lufthansa Group Airlines welcome around 13.7 million passengers on board in September 2018

#### Share price: LHA.XE

11:31 AM 11/22/2018  
**20.38** EUR (0.00 %)



Today 1 mo 1 yr

→ Details about share price

#### More financial news

|  |   |  |
|--|---|--|
| <b>NINE MONTHS FIGURES 2018</b><br>→ 30 October 2018 | <b>CONFERENCES &amp; ROADSHOWS</b><br>→ Current Investor Presentation   | <b>ANNUAL GENERAL MEETING 2018</b><br>→ 8 May 2018 |
| <b>FINANCIAL CALENDAR</b><br>→ Dates & Events        | <b>GOALS AND STRATEGIES</b><br>→ Group strategy<br>→ Financial strategy | <b>CONTACT PERSON</b><br>→ Contact                 |

#### Key figures 2017

|                             |   |                                  |  |
|-----------------------------|---|----------------------------------|--|
| <b>129,424</b><br>Employees | <b>550</b><br>Subsidiaries and equity investments | <b>35.6</b><br>Total revenue €bn | <b>3.005</b><br>Capital expenditure €m |
|-----------------------------|---|----------------------------------|--|

The online services for shareholders are also being enhanced on an ongoing basis. By the time of the next Annual General Meeting, shareholders will also have the option of accessing their mobile ticket via their smartphones.

## Questions & Answers

### What's new regarding fleet development?

Lufthansa Group continues to renew its fleet. Thus, the Supervisory Board approved on 28 September 2018 the purchase of 27 short- and medium-haul aircraft of the Airbus A320 family. Purchase options for 24 Airbus A320neo and three A321neo will be converted into firm orders.

With this decision, the Lufthansa Group is reacting to the positive market and earnings development and thus ensuring the necessary fleet size in the coming years. The total investment of this order amounts to a list price of about three billion US dollars. This increases the total number of A320neo and A321neo orders to 149 for the Group, 13 of them are already operating with Lufthansa German Airlines.

The A320neo and A321neo (short for "New Engine Option") are scheduled for delivery in 2023 and 2024. Ten of the 27 new aircraft are intended for SWISS, the remaining aircraft will be in service by other flight operations within the Aviation Group.

The innovative engine technologies as well as the aerodynamic wingtips (sharklets) with which the aircraft are equipped reduce fuel consumption significantly by up to 20 percent per seat kilometer. As all Lufthansa A320 Family aircraft, the A320neo and A321neo are serially equipped with noise-reducing vortex generators. An A320neo taking off has a noise carpet that is around 50 percent smaller than that of other aircraft of this type.

In May 2018 already, the Supervisory Board of Deutsche Lufthansa AG approved the purchase of up to 16 additional aircraft: two Boeing 777-300ER aircraft for SWISS, two Boeing 777F aircraft for Lufthansa Cargo and up to twelve aircraft from the Airbus A320 family. These are scheduled to be delivered in stages between now and 2022.

## Corporate Responsibility

### Lufthansa's shares confirm their place in the FTSE4Good index series

Ratings agencies, analysts and institutional investors are focusing increasingly on sustainable corporate governance and regularly evaluate whether the Lufthansa Group's activities live up to the principles of responsible business.



A recent example: In September 2018, the listing of Lufthansa's shares in the renowned sustainability index series FTSE4Good was once again confirmed. Since its establishment in 2001, FTSE4Good has listed only those companies which demonstrate a particular commitment to internationally recognised ESG (Environmental, Social, Governance) standards and incorporate ESG criteria into their risk management systems.

In addition to FTSE4Good, Lufthansa's shares are also included in the MSCI Global Sustainability index family and in the ECPI EMU Ethical Equity, ECPI Euro Ethical Equity and ECPI Euro ESG sustainability indices. The Lufthansa Group was once again awarded "Prime" status in the oekom corporate rating of November 2017.

The Balance sustainability report and details on all aspects of corporate responsibility at Lufthansa Group can be found at [www.lufthansagroup.com/en/responsibility](http://www.lufthansagroup.com/en/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

14.03.2019 Release of Annual Report 2018  
30.04.2019 Release of 1st Interim Report 2019  
07.05.2019 Annual General Meeting  
30.07.2019 Release of 2nd Interim Report 2019  
29.10.2019 Release of 3rd Interim Report 2019

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