

Lufthansa Group

SHAREHOLDER INFORMATION 03/2020



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LUFTHANSA GROUP

Key Figures January – June 2020

KEY FIGURES LUFTHANSA GROUP

| | | Jan - Jun 2020 | Jan - Jun 2019 | Change in % | Apr - Jun 2020 | Apr - Jun 2019 | Change in % |
|----------------------------------------------------------|-----------|-------------------|-------------------|----------------|-------------------|-------------------|----------------|
| Revenue and result | | | | | | | |
| Total revenue ¹⁾ | €m | 8,335 | 17,416 | -52 | 1,894 | 9,578 | -80 |
| of which traffic revenue ¹⁾ | €m | 5,641 | 13,375 | -58 | 1,102 | 7,570 | -85 |
| Operating expenses ¹⁾ | €m | 12,069 | 18,162 | -34 | 3,907 | 9,480 | -59 |
| Adjusted EBITDA | €m | -1,578 | 1,736 | | -1,038 | 1,415 | |
| Adjusted EBIT | €m | -2,899 | 418 | | -1,679 | 754 | |
| EBIT | €m | -3,468 | 417 | | -1,846 | 761 | |
| Net profit/loss | €m | -3,617 | -116 | -3,018 | -1,493 | 226 | |
| Key balance sheet and cash flow statement figures | | | | | | | |
| Total assets | €m | 39,887 | 43,094 | -7 | – | – | |
| Equity | €m | 5,702 | 9,166 | -38 | – | – | |
| Equity ratio | % | 14.3 | 21.3 | -7.0 pts | – | – | |
| Net indebtedness | €m | 7,314 | 6,234 | 17 | – | – | |
| Pension provision | €m | 7,422 | 6,612 | 12 | – | – | |
| Cash flow from operating activities | €m | 363 | 2,393 | -85 | -1,004 | 835 | |
| Capital expenditures (gross) ²⁾ | €m | 897 | 1,904 | -53 | 127 | 668 | -81 |
| Adjusted free cash flow | €m | -510 | 269 | | -1,130 | 91 | |
| Key profitability and value creation figures | | | | | | | |
| Adjusted EBITDA margin | % | -18.9 | 10.0 | -28.9 pts | -54.8 | 14.8 | -69.6 pts |
| Adjusted EBIT margin | % | -34.8 | 2.4 | -37.2 pts | -88.6 | 7.9 | -96.5 pts |
| EBIT margin | % | -41.6 | 2.4 | -44.0 pts | -97.5 | 7.9 | -105.4 pts |
| Lufthansa share | | | | | | | |
| Share price as of 30 Jun | € | 8.94 | 15.07 | -41 | – | – | |
| Earnings per share | € | -7.56 | -0.24 | -3,050 | -3.12 | 0.48 | |
| Traffic figures¹⁾ | | | | | | | |
| Flights | number | 225,937 | 575,466 | -61 | 18,730 | 312,812 | -94 |
| Passengers | thousands | 23,475 | 68,973 | -66 | 1,719 | 39,552 | -96 |
| Available seat-kilometres | millions | 68,604 | 174,603 | -61 | 4,307 | 95,150 | -95 |
| Revenue seat-kilometres | millions | 49,512 | 141,169 | -65 | 2,413 | 79,236 | -97 |
| Passenger load factor | % | 72.2 | 80.9 | -8.7 pts | 56.0 | 83.3 | -27.3 pts |
| Available cargo tonne-kilometres | millions | 5,495 | 8,553 | -36 | 2,047 | 4,497 | -54 |
| Revenue cargo tonne-kilometres | millions | 3,603 | 5,262 | -32 | 1,447 | 2,711 | -47 |
| Cargo load factor | % | 65.6 | 61.6 | 4.0 pts | 70.7 | 60.3 | 10.4 pts |
| Employees | | | | | | | |
| Employees as of 30 Jun | number | 129,356 | 137,639 | -6 | – | – | |

¹⁾ Previous year's figures have been adjusted.

²⁾ Without acquisition of equity investments.

Date of publication: 6 August 2020.



DEAR SHAREHOLDERS,

The coronavirus pandemic has had an impact on the aviation industry unlike any seen before. Hardly any other sector has been more affected by the impact of the global crisis, and almost no other sector will take longer to recover.

This is clearly reflected in the Lufthansa Group's business. Revenue in the first half of 2020 was down by 52% year-on-year to EUR 8,335m. Adjusted EBIT, our leading performance indicator, dropped from EUR 418m in the previous year to EUR –2,899m. As a result, we expect to report a significant loss in 2020.

In order to ensure that the Lufthansa Group remains solvent, we have agreed on stabilisation measures and loans with the Economic Stabilisation Fund of the Federal Republic of Germany worth a total of EUR 9bn. These measures have been approved by both the extraordinary general meeting and the European Commission. We have also agreed that the governments of Switzerland, Austria and Belgium will take over a portion of the state stabilisation measures for their national airlines. These agreements have sustainably secured the Company's liquidity – and, as a result, its future viability. The full repayment of the state loans and deposits, including interest, will, however, put considerable pressure on the Company in the years to come, especially as we predict that the market recovery will be a slow one. This means that we will be cutting our costs significantly and in the long run.

We have already adopted two packages as part of our restructuring programme: The first package, approved in early April, involves our decision to reduce the size of our fleet by 100 aircraft as a long-term measure and not to resume flight operations by Germanwings. The measures forming part of the second package adopted at the beginning of July include a smaller Executive Board, a streamlined administrative team and measures to reduce the number of management positions. Efforts are also under way to turn the Lufthansa airline into an autonomous company. Our top priority is repaying state loans and deposits as quickly as possible.

We have already reached an agreement with the cabin crew union UFO on an extensive crisis package for Lufthansa's employees that should allow us to cut our costs significantly. We are still involved in intensive discussions with other labour union partners to ensure the Company's viability going forward.

The market environment will remain challenging for years to come. Travel restrictions still apply in a large number of countries, particularly in our key long-haul markets. Nevertheless, demand is gradually starting to recover, especially for short-haul destinations and in the tourism segment. As a result, we are expanding our airline flight timetables on an ongoing basis. By the end of October, we will be back to offering around 40% of last year's capacity. This will see us fly to over 90% of the Group's original short and medium-haul destinations and more than 70% of our long-haul destinations.

We would be pleased if you would continue to accompany us on this journey.



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

Dennis Weber

Head of Investor Relations
Deutsche Lufthansa AG

BUSINESS DEVELOPMENT

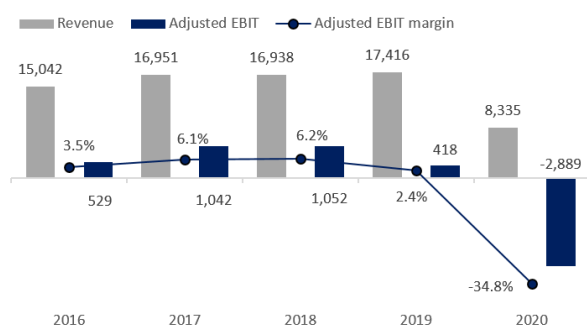
Coronavirus crisis puts significant strain on business at the Lufthansa Group

The global spread of the coronavirus had a severe impact on the Lufthansa Group's business in the first half-year of 2020. The Lufthansa Group reacted quickly and decisively to the outbreak of the coronavirus crisis, significantly reducing available capacity to avoid further losses and initiating wide-ranging measures to cut costs and capital expenditure and to conserve liquidity. Since the start of June, flight services have gradually increased again. At the end of the first half-year, around 10% of the previous year's capacity was available.

Lower traffic meant that traffic revenue fell year-on-year by 58% to EUR 5,641m in the first half-year of 2020, and revenue of EUR 8,335m was 52% down on the year.

Operating expenses fell by 34% in total to EUR 12,069m, primarily due to the volume-related decline in the cost of materials and services, particularly for fuel, fees and charges, and the introduction of short-time working for large parts of the workforce.

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



Adjusted EBIT dropped to EUR –2,899m (previous year: EUR 418m); the Adjusted EBIT margin came to –34.8% (previous year: 2.4%). The net result for the period decreased to EUR –3,617m (previous year: EUR –116m). It was depressed by impairment losses on the fleet and goodwill as well as the negative changes in the market value of fuel hedging instruments.

Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) declined to EUR –510m (previous year: EUR 269m). Net indebtedness of EUR 7,314m was 10% higher than at year-end 2019 (31 December 2019: EUR 6,662m). The ratio of Adjusted Net Debt/12-month Adjusted EBITDA increased by 7.5 points to 10.3 due to the lower earnings and the rise in net indebtedness (31 December 2019: 2.8).

📌 Financial reports: 2nd Interim Report 2020

📌 Press release: „Consequences of Corona pandemic have a considerable impact on Lufthansa result“

SHARE PRICE DEVELOPMENT

Corona crisis leads to significant drop of share price

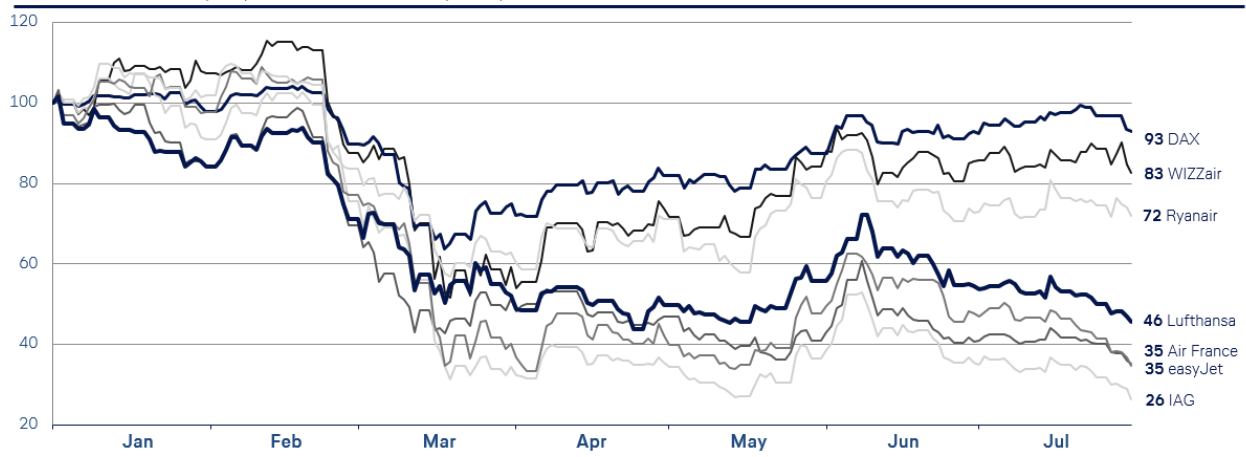
The ongoing corona crisis has put significant pressure on the Lufthansa share. After reaching its high price for the year on 2 January 2020 with 16.68 EUR, the share price decreased to the low of 7.18 EUR on 24 April 2020 in the course of the corona crisis. Thereafter, the share price has been able to recover, on 9 June 2020 the share price was 11.85 EUR. Until 31 July 2020 the share price dropped again to 7.48 EUR, mainly due to the fear that travel restrictions in important long haul markets will last for a longer time due to the corona pandemic. Since the beginning of the year, the share price showed a loss of 54%. The Lufthansa share performed better than the shares of the two other European network airlines, IAG and AirFrance-KLM, who lost 74% and 65% of value. Over the same period, the MDAX index, in which the Lufthansa share is listed since 22 June, and the DAX index performed less negatively, both with a loss of 7%.

PERFORMANCE OF THE LUFTHANSA SHARE

LUFTHANSA'S SHARE PRICE AS OF 31 JULY 2020

indexed as of 31 Dec 2019, compared with the DAX and competitors, in %

7.48 €



[Website: Share price information](#)

CAPITAL INCREASE

WSF builds up 20% stake in issued capital

As part of the agreed stabilisation measures, on 2 July 2020 the Economic Stabilisation Fund (WSF) of the Federal Republic of Germany subscribed to shares by way of a capital increase and built up a 20% stake in the issued capital of Deutsche Lufthansa AG. The subscription price was EUR 2.56 per share, resulting in a cash contribution of around EUR 0.3bn. The WSF is now the largest shareholder of Deutsche Lufthansa AG, followed by Heinz Hermann Thiele, who holds 12.4% of the shares of the company. In line with the capital increase, the number of shares outstanding increased by 119.5 million to 597.7 million.

[Website: Shareholder structure](#)

OUTLOOK

Adjusted EBIT in 2020 of Lufthansa Group will be significant below previous year

The stabilisation measures agreed with the WSF will secure the Company's continued existence. However, there is still considerable uncertainty surrounding the development of the coronavirus crisis, particularly with regard to how travel restrictions will develop, especially in key long-haul markets, and in respect of customer demand. Both factors will depend on how the pandemic unfolds at global level and on customer trust in the safety of travel. As a result, it is still not possible to give a detailed financial forecast for 2020.

In this respect, the forecast in the Annual Report 2019 of a significant decline in Group revenue and Adjusted EBIT in financial year 2020 continues to apply.

Only the Logistics segment is expected to deviate from the performance of the Group as a whole. Significantly higher yields compared with last year due to the lack of freight capacities on passenger aircraft mean that the segment will probably report a higher Adjusted EBIT margin than in the previous year.

➤ Further details can be found in the Annual Report 2019 starting on page 106.

TOPICS

Extraordinary General Meeting

Shareholders pave the way for stabilisation measures



On 25 June 2020, the shareholders of Deutsche Lufthansa AG voted in favor of accepting the capital measures and the participation of the Economic Stabilisation Fund (WSF) of the Federal Republic of Germany in Deutsche Lufthansa AG. The corresponding proposal received the necessary majority at the Extraordinary General Meeting of the company. The package provides for stabilisation measures and loans of up to 9 billion euros.

Carsten Spohr, Chairman of the Executive Board of Deutsche Lufthansa AG says: “The decision of our shareholders provides Lufthansa with a perspective for a successful future. On behalf of our employees, I would like to thank the German federal government and the governments of our other home countries for their willingness to stabilize us. We at Lufthansa are aware of our responsibility to pay back the up to 9 billion euros to the taxpayers as quickly as possible.”

Around 30,000 shareholders attended the Extraordinary General Meeting. A total of 39 percent of the share capital was represented. 98 percent of the capital present voted to accept the company’s proposed resolution. This means that far more than the necessary two-thirds majority voted in favor of adoption.

🔗 [Press release: „Shareholders pave the way for stabilisation measures“](#)

🔗 [Website: Extraordinary General Meeting](#)

🔗 [Website: Stabilisation package](#)

Union agreements

Lufthansa and Independent Flight Attendants Union UFO agree on crisis package



On 24 June 2020 Lufthansa and the Independent Flight Attendants' Union (UFO) agreed on a package of measures amounting to more than half a billion euros to counter the economic effects of the crisis. The agreements reached still require the approval of the UFO members.

The package of measures includes the suspension of pay increases, a reduction in flying hours with a corresponding reduction in pay and temporary reductions in contributions to the company pension scheme. Additionally, both parties have agreed on a package of voluntary measures and severance programs. These include unpaid leave, voluntary measures to further reduce working hours, and the subsidized, early transfer to a company pension scenario. With the crisis package the company will be able to avoid layoffs for the 22,000 cabin staff of Deutsche Lufthansa AG during the crisis.







"This agreement is an important signal to our employees and our shareholders. In this way, we want to avoid redundancies in Lufthansa cabins," said Michael Niggemann, Executive Board Member Human Resources and Legal Affairs of Deutsche Lufthansa AG. "We also see this deal as a sign of a regained and constructive social partnership with the UFO."

In addition, Austrian Airlines and Brussels Airlines forge agreements with employees to overcome crisis. On 21 and 22 May 2020, Austrian Airlines reached agreements with flight and ground staff to help deal with the crisis. These are expected to deliver annual savings of EUR 80m. On 26 June 2020, Brussels Airlines also reached an agreement with its labour union partners for flight crews and ground employees to implement structural measures.

🔗 **Press release: „Lufthansa and Independent Flight Attendants Union UFO agree on crisis package“**

Management

Lufthansa reorganizes responsibilities on the Executive Board

| Supervisory Board | | | | | | |
|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------|-------------------|--|--|
| Carsten Spohr Chairman of the Executive Board and CEO | | | | | | |
| Michael Niggemann Human Resources, Legal Affairs and M & A | | | | | | |
| | Detlef Kayser Airline Resources & Operations Standards | Harry Hohmeister Commercial Passenger Airlines | Christina Foerster Customer, IT & Corporate Responsibility | Lufthansa Technik | | |
|  Lufthansa Frankfurt | • | • | • | Lufthansa Cargo | | |
|  Lufthansa Munich | • | • | • | | | |
|  SWISS Zurich | • | • | • | | | |
| Austrian  Vienna | • | • | • | | | |
|  brussels airlines | • | • | • | LSGgroup | | |
|  Eurowings | • | • | • | | | |

On 4 April 2020 Ulrik Svensson resigned his post as Chief Financial Officer of Deutsche Lufthansa AG for health reasons with effect from 6 April 2020.

With effect from 26 June 2020, Thorsten Dirks resigned from the Executive Board of Deutsche Lufthansa AG as the member in charge of the Digital and Finance function.

In response to this, a new division of responsibilities for the Executive Board was adopted. The existing Digital and Finance function has not been refilled, the responsibilities have been assigned to the other Executive Board members.

As Chairman of the Executive Board and CEO, Carsten Spohr is responsible for the Finance function until further notice. The position of CFO is to be refilled in the coming months. The Finance function is expected to become a separate function of its own again as a result.

Christina Foerster is responsible for the Customer, IT & Corporate Responsibility function and also for the Lufthansa Innovation Hub and Purchasing.

Harry Hohmeister is responsible for the Commercial Passenger Airlines function.

Detlef Kayser is responsible for the Airline Resources & Operations Standards function, which also includes the central steering of the restructuring and transformation programme.

Michael Niggemann is responsible for the Corporate Human Resources, Legal Affairs and M&A function.

 Press release: „Lufthansa reorganizes responsibilities on the Executive Board“

Restructuring

Lufthansa Group decides on second package for restructuring programme



On 7 July 2020, the Executive Board of Deutsche Lufthansa AG approved a second package for the restructuring programme in response to the coronavirus crisis.

The comprehensive restructuring programme, entitled “ReNew”, will run until December 2023 and is headed by Dr Detlef Kayser, the Executive Board member in charge of Airline Resources & Operations Standards. It also includes existing restructuring programmes at the Group’s airlines and service companies.

Following the reduction in the size of the Executive Board of Deutsche Lufthansa AG, the executive and management boards of the Group’s subsidiaries are to decrease in size compared with 2019. The number of managerial positions is to be reduced by 20% across the Group. The administration at Deutsche Lufthansa AG is to be scaled down by 1,000 positions.

The government loans and deposits are to be repaid as quickly as possible to avoid an increase in the resulting interest expenses.

Efforts are under way to turn Lufthansa German Airlines into an autonomous company.

The number of sub-fleets is being reduced, as planned, and flight operations are being pooled – including long and short-haul services for leisure travel at the Frankfurt and Munich hubs. At Lufthansa German Airlines alone, 22 aircraft have already been retired early, including six Airbus A380s, eleven A320s and five Boeing 747-400s.

The financial planning up to 2023 specifies that a maximum of 80 new aircraft will be added to the Lufthansa Group’s fleets. Due to the postponement of planned deliveries, capital expenditure on new aircraft will be halved in this period.

📌 Press release: „Lufthansa launches second set of measures of its restructuring programme“

Rating

Rating-Agencies downgrade rating for Lufthansa Group

On 1 July 2020 and 2 July 2020 respectively, the rating agencies Standard & Poor's and Moody's lowered the credit rating of the Lufthansa Group from BB+ to BB and from Ba1 to Ba2 as a result of the spread of the coronavirus and its wider impact.

On 14 July 2020, Scope Ratings confirmed its BBB- rating. Scope Ratings thus continues to rate the Lufthansa Group within the investment grade range.

🔗 [Website: Rating overview](#)

Flightplan

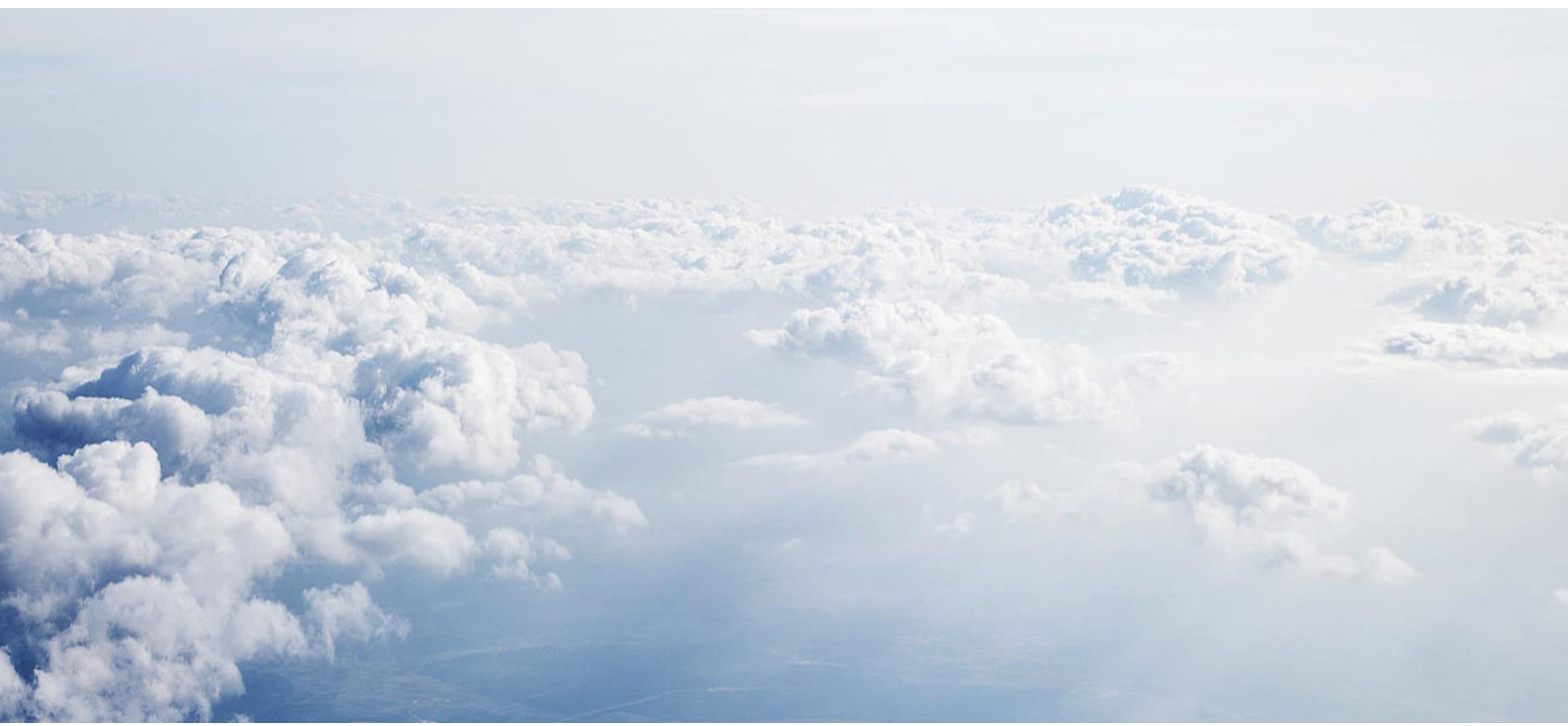
Lufthansa Group increases capacities again

Due to significant changes in booking demands from its passengers, on 29 June 2020 the airlines of the Lufthansa Group switched from short-term to more long-term flight planning up to the end of October 2020 and updated their booking systems accordingly.

This means that the airlines will be operating at around 40% of the previous year's capacity by the end of October. This will involve the use of more than 380 aircraft by then, meaning that half the Lufthansa Group's fleet will be airborne once again.

The Group is expecting to fly to over 90% of its original short and medium-haul destinations and more than 70% of its long-haul destinations by the end of October.

🔗 [Press release: „Lufthansa Group: 50 percent of the fleet back in the air“](#)



CONTACT

Your contact at Investor Relations

I am at your disposal to answer your questions.



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FINANCIAL CALENDER

2020

5 November Release of 3rd Interim Report
January – September 2020

2021

4 March Release of Annual Report 2020

29 April Release of 1st Interim Report
January – March 2021

5 August Release of 2nd Interim Report
January – June 2021

28 October 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.