



LUFTHANSA GROUP



Lufthansa Group

SHAREHOLDER INFORMATION 03/2021

Key Figures Lufthansa Group

KEY FIGURES

		Jan - Jun 2021	Jan - Jun 2020	Change in %	Apr - Jun 2021	Apr - Jun 2020	Change in %
Revenue and result							
Total revenue	€m	5,771	8,335	-31	3,211	1,894	70
of which traffic revenue	€m	3,637	5,641	-36	2,095	1,102	90
Operating expenses	€m	8,490	12,069	-30	4,510	3,907	15
Adjusted EBITDA	€m	-970	-1,578	39	-393	-1,038	62
Adjusted EBIT	€m	-2,095	-2,899	28	-952	-1,679	43
EBIT	€m	-2,114	-3,468	39	-979	-1,846	47
Net profit/loss	€m	-1,805	-3,617	50	-756	-1,493	49
Key balance sheet and cash flow statement figures							
Total assets	€m	40,838	39,887	2	-	-	
Equity	€m	3,145	5,702	-45	-	-	
Equity ratio	%	7.7	14.3	-6.6 pts	-	-	
Net indebtedness	€m	8,930	7,314	22	-	-	
Pension provision	€m	7,607	7,422	2	-	-	
Cash flow from operating activities	€m	18	363	-95	784	-1,004	
Capital expenditures (gross) ¹⁾	€m	612	897	-32	459	127	261
Adjusted free cash flow	€m	-607	-510	-19	340	-1,130	
Key profitability and value creation figures							
Adjusted EBITDA margin	%	-16.8	-18.9	2.1 pts	-12.2	-54.8	42.6 pts
Adjusted EBIT margin	%	-36.3	-34.8	-1.5 pts	-29.6	-88.6	59.0 pts
EBIT margin	%	-36.6	-41.6	5.0 pts	-30.5	-97.5	67.0 pts
Lufthansa share							
Share price as of 30 June	€	9.49	8.94	6	-	-	
Earnings per share	€	-3.02	-7.56	60	-1.26	-3.12	60
Traffic figures²⁾							
Flights	number	120,435	229,934	-48	79,424	20,840	281
Passengers	thousands	10,022	23,475	-57	6,976	1,719	306
Available seat-kilometres	millions	44,171	68,604	-36	27,317	4,307	534
Revenue seat-kilometres	millions	21,616	49,512	-56	14,034	2,413	482
Passenger load factor	%	48.9	72.2	-23.3 pts	51.4	56.0	-4.6 pts
Available cargo tonne-kilometres	millions	5,381	5,464	-2	2,852	2,085	37
Revenue cargo tonne-kilometres	millions	4,074	3,595	13	2,134	1,433	49
Cargo load factor	%	75.7	65.8	9.9 pts	74.8	68.7	6.1 pts
Employees							
Employees as of 30 June	number	108,072	129,356	-16	-	-	

¹⁾ Without acquisition of equity investments.

²⁾ Previous year's figures have been adjusted.

Date of publication: 5 August 2021.

DEAR SHAREHOLDERS,

Although the implications of the coronavirus pandemic are still putting pressure on the Lufthansa Group, clear signs of recovery emerged in the first half of 2021. The number of bookings with our passenger airlines has increased, driven by the progress made in vaccination campaigns across the globe, falling infection rates and the associated relaxation of restrictions on travel. This trend was particularly evident on the short- and medium-haul tourist routes, prompting us to significantly expand our flight programme again. At the end of June, capacity was around 40% of the pre-crisis level.

Adjusted EBIT for the first half-year of 2021 came to EUR -2.1bn, allowing us to reduce our operating loss by almost one third in a year-on-year comparison. In addition to stringent cost management and the savings from short-time working, this development was also helped along by record earnings posted by Lufthansa Cargo and the return to profitability at Lufthansa Technik. We also reduced our capital expenditure in the first half of 2021 by postponing aircraft deliveries. All in all, these developments, combined with increased cash flows from ticket sales, led to a positive Adjusted free cash flow in the second quarter.

The Lufthansa Group's available liquidity came to EUR 11.1bn at the end of the first half of 2021. Furthermore, another bond in the amount of EUR 1bn was issued successfully after the reporting date. The proceeds from the bond issue are meant to contribute to repaying the funds that we have received as part of the government stabilisation measures. We are also preparing a capital increase, the timing and extent of which has not yet been finalised, to support these efforts.

We also made progress in implementing our restructuring programme. SWISS, for example, recently implemented the new "reach" strategy programme, which is designed to result in total savings of around EUR 450m in the long run. The "now!" voluntary programme for ground staff at Deutsche Lufthansa AG has also been well received. So far, over 1,000 employees have decided to leave the Company; we expect further agreements to be concluded, particularly in the form of partial retirement agreements and through an additional programme for cockpit crew. The measures of the restructuring programme that have already been implemented to date will account for more than half of the annual savings totalling EUR 3.5bn that are to be achieved from 2024 onwards.

Looking at 2021 as a whole, we expect our operating loss to be lower than in the previous year. We are expanding our capacity further in the third quarter. Our passengers numbers are set to increase, bolstered by ongoing solid demand, particularly on tourist routes in European traffic. This – combined with further cost savings – will likely help us to put an end to net outflows from operating activities in the third quarter. In terms of long-haul travel, we hope that flights to North America will be possible again from the late summer onwards, and flights to Asia towards the end of the year, without major restrictions. This nevertheless remains subject to significant uncertainty and will depend largely on how the pandemic unfolds and how variants of the virus spread.

We will be pleased if you choose to stay with us on our journey, and we hope to welcome you aboard our aircraft again soon.

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

Dennis Weber

Head of Investor Relations
Deutsche Lufthansa AG

BUSINESS DEVELOPMENT

Recovery trends strengthening towards the end of the first half of 2021

The ongoing effects of the coronavirus crisis are still putting considerable pressure on business performance at the Lufthansa Group. Overall, however, clear signs of recovery started to emerge in the second quarter of 2021.

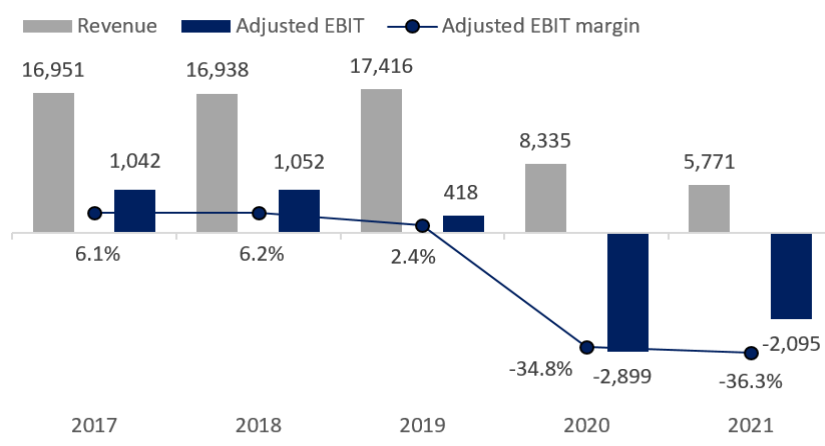
Bolstered by faster vaccination progress worldwide and the associated gradual easing of travel restrictions, bookings with the passenger airlines in the Lufthansa Group rose significantly in the course of the second quarter of 2021. There was a particular uptick in demand for European holiday destinations in the Mediterranean and longhaul tourist markets with only limited or no travel restrictions.

The Lufthansa Group also made significant progress in implementing its restructuring programme in the first six months of 2021. The measures implemented to date will account for more than half of the annual savings totalling EUR 3.5bn that are to be achieved from 2024 onwards.

Available capacity in the passenger business, measured in seat-kilometres, was increased during the first half of 2021. In the first quarter, it came to 21% of the 2019 pre-crisis level, with a figure of 29% for the second quarter and 40% at the end of June. The expansion of flight capacities, the positive development in Aviation Services and the progress made in the restructuring programme were also reflected in earnings.

Adjusted EBIT amounted to EUR -952m in the second quarter of 2021 as against EUR -1,143m in the first quarter of 2021. This includes restructuring expenses relating to staff costs of EUR 120m in the first quarter of 2021 (previous year: EUR 28m) and EUR 145m in the second quarter of 2021 (previous year: EUR 103m) that are necessary for the Company to adapt to the changes in the market environment sparked by the crisis.

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



In the first half of 2021, Adjusted EBIT was EUR -2,095m (previous year: EUR -2,899m), supported by stringent cost management and record earnings in the cargo business. This figure includes restructuring expenses relating to staff costs of EUR 265m (previous year: EUR 132m). The Adjusted EBIT margin was -36.3% (previous year: -34.8%). EBIT amounted to EUR -2,114m (previous year: EUR -3,468m).

Net loss for the period came to EUR -1,805m (previous year: EUR -3,617m).

Adjusted free cash flow came to EUR -607m (previous year: EUR -510m).

The equity ratio increased as against the end of 2020, largely due to EUR 1.5bn from Silent Participation I, which is recognised as equity, being drawn down, rising by 4.2 percentage points to 7.7% (31 December 2020: 3.5%).

Supported by these funds, net debt of EUR 8,930m was 10% lower than at year-end 2020 (31 December 2020: EUR 9,922m). As of the end of June 2021, the Group had available liquidity of EUR 11.1bn, which includes EUR 3.9bn from the government stabilisation measures and loans that have not yet been drawn down.

Specific CO₂ emissions per passenger-kilometre (without wet leases) were 105.5 grammes in the first half 2021, 6% higher than the previous year (previous year: 99.7 grammes). The year-on-year increase can be attributed largely to the lower passenger load factor and the decreased share of long-haul traffic as against the previous year.

2nd Interim Report 2021

OUTLOOK

Lufthansa Group expects further continuous capacity expansion and increase in passenger numbers

The financial outlook for 2021 depends largely on the impact of the coronavirus pandemic on the global airline industry. The forecast for the Company is therefore still subject to great uncertainty. Changes in the course of the pandemic, especially concerning the progress of vaccination programmes and the spread of virus mutations, will have a significant and direct influence on performance, especially due to their effect on travel restrictions, which in turn play a major role in customer demand.

The outlook for the 2021 financial year has not changed as against the forecast presented in the first Interim Report for 2021.

The Lufthansa Group still assumes that capacity at Group airlines as measured in available seat-kilometres in 2021 will come to around 40% of the 2019 pre-crisis level. In terms of long-haul routes, the outlook is based on the expectation that the markets will open up again in the second half of the year, and that flights to North America will be possible again from the late summer onwards, with flights to Asia gradually opening up towards the end of the year. This forecast nevertheless remains subject to a great deal of uncertainty.

For the third quarter, a further expansion of capacity to around 50% and an increase in passenger numbers are expected, driven in particular by the positive trend in demand for tourist routes in European traffic. The Lufthansa Group thus expects to be able to stop the operating cash outflow in the third quarter and to generate a positive EBITDA.

The Lufthansa Group also still expects to see an increase in Group revenue and a reduction in its operating loss in the 2021 financial year, as measured by Adjusted EBIT. This guidance applies equally to the individual business segments in the Lufthansa Group. A further improvement is expected in the Logistics business segment, which last year achieved the highest Adjusted EBIT in its history to date.

In 2021, the Lufthansa Group expects a decline in specific CO₂ emissions per passenger-kilometre compared with the previous year. The expected improvement of the passenger load factor as well as effects from the permanent decommissioning of less efficient four-engined long-haul aircraft and from the ongoing modernisation of the fleet in particular are expected to help achieve this.

 **Further details can be found in the Annual Report 2020, starting on p. 118**

 **and in the 2nd Interim Report 2021 on p. 25**

SHARE PRICE DEVELOPMENT

Lufthansa share performance still affected by the coronavirus crisis

The Corona pandemic continued to have a strong impact on share price developments in the airline industry and thus also on the performance of the Lufthansa share in the first half of 2021.

Starting from a level of EUR 10.82 at the beginning of 2021, the share price developed positively in the first quarter. Driven by the expectation of an increasing market recovery from the summer onwards, the share price rose to almost EUR 13 at the beginning of March. Subsequently, the share price fell due to the worsening pandemic situation to levels of EUR 9.44 on 29 June 2021. At the end of the first half-year 2021, the Lufthansa share was listed at EUR 9.49. Overall, the share thus recorded a loss of 12% in the first half of 2021.

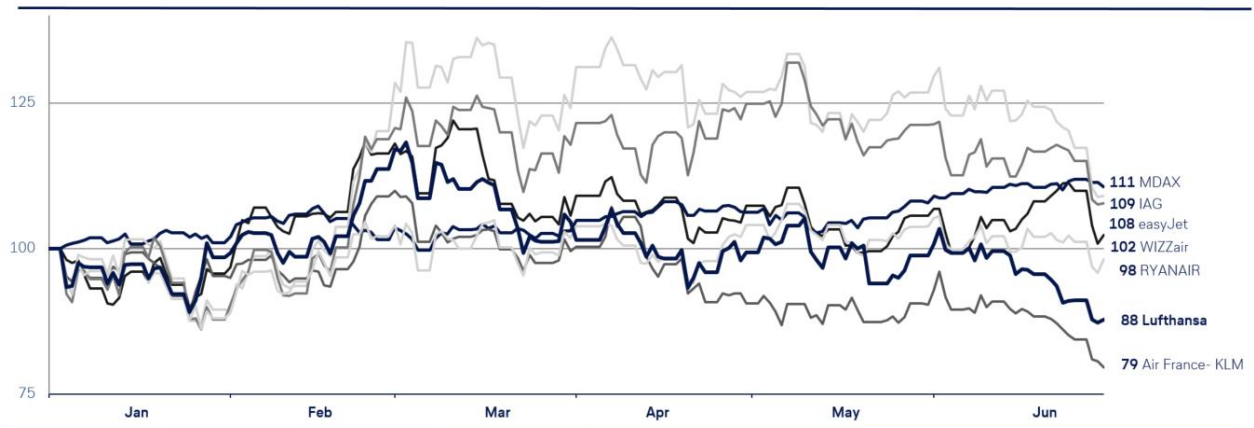
The benchmark index MDAX rose by 11% in the same period. Compared to Air France-KLM, Lufthansa Group's key competitor, the Lufthansa share declined less. However, the European low-cost carriers developed better than the Lufthansa share. They benefited from their focus on tourist short-haul routes, where the market recovers much faster than in long-haul.

PERFORMANCE OF THE LUFTHANSA SHARE

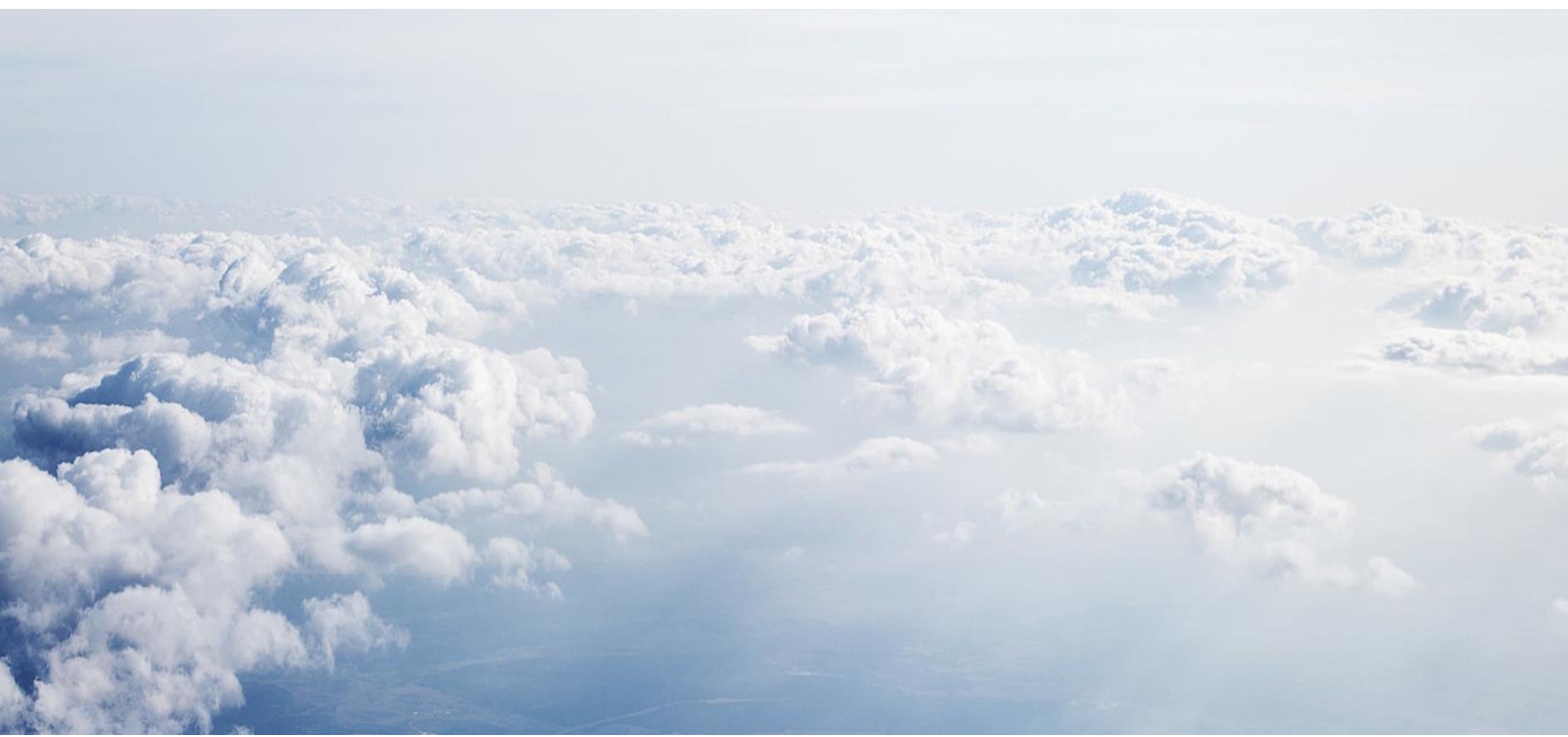
LUFTHANSA'S SHARE PRICE AS OF 30 JUNE 2021

indexed as of 31 Dec 2020, compared with the MDAX and competitors, in %

9.49 €



[Website: Share price information](#)



TOPICS

Annual General Meeting 2021

Shareholders approve all agenda items



The 68th Annual General Meeting of Deutsche Lufthansa AG was held virtually again on 4 May 2021 due to the pandemic.

Many shareholders took the opportunity to submit their questions in advance. Thus, a total of 264 questions were submitted and answered during the Annual General Meeting.

Over 3,200 shareholders followed the Annual General Meeting of Deutsche Lufthansa AG online. A total of 40.8% of the share capital was present.

The shareholders approved all eight agenda items by a large majority. The creation of Authorized Capital C, which can be used to carry out a capital increase to repay the government stabilisation measures, was approved by a majority of almost 98% of the votes.

Shareholders also elected Angela Titzrath (Chairman of the Executive Board, Hamburger Hafen und Logistik AG), Dr. Michael Kerkloh (Former Chairman of the Executive Board, Flughafen München GmbH) and Britta Seeger (Member of the Executive Board, Daimler AG) to the Supervisory Board. Angela Titzrath and Dr. Michael Kerkloh had already been appointed as Supervisory Board members by court order in September 2020. In the Supervisory Board, they represent the interests of the Economic Stabilization Fund (ESF) of the Federal Republic of Germany. Britta Seeger succeeds Stephan Sturm, who resigned from the Supervisory Board at the end of the Annual General Meeting.

 **Website: Lufthansa Annual General Meeting 2021**

Corporate targets

Lufthansa Group announces medium-term targets

On 14 June 2021, the Lufthansa Group published a strategy update. In it, the measures to accelerate the Group's structural transformation in light of the effects of the Corona pandemic were explained to the financial market. These include restructuring measures to adapt the cost base and operating model to the changes in the market as well as the exploitation of growth opportunities in the "New Normal".

The Group's restructuring program targets achieving gross savings of approx. EUR 3.5bn by 2024 (compared to 2019). Costs are expected to decline across the Group's airlines (notably low- to mid-single-digit reduction of CASK (excl. fuel) by 2024 compared to 2019 levels), the Aviation services and in Group overheads. The main drivers for these improvements are reductions in personnel cost, operational simplification and overhead reduction and fleet modernization and standardization.

The capital expenditure will be capped at D&A levels. For 2023 and 2024, annual capital expenditures of EUR 2.5bn are planned. This is circa EUR 1.1bn lower than in 2019 and will support the generation of strong free cash flow going forward.

Until 2024, the Lufthansa Group targets to reach an Adjusted EBIT margin of at least 8%. Combined with a disciplined investment policy and strict working capital management, this should support a return on capital employed (Adjusted ROCE excluding cash) of at least 10% by 2024.

📌 **Press release: Lufthansa Group announces medium-term targets and makes preparations for a capital increase**

Liquidity

Lufthansa Group successfully secures further liquidity on the capital market and makes preparations for a capital increase

On 7 July 2021, Deutsche Lufthansa AG has again successfully issued a bond with a total volume of EUR 1bn. The bond with a denomination of EUR 100,000 was placed in two tranches with a term of three and eight years respectively and a volume of EUR 500m each: The tranche with a term until 2024 bears interest at 2.0% per year, the tranche maturing in 2029 3.5%.

In addition, the Lufthansa Group is continuing to make preparations for a capital increase. The net proceeds would contribute in particular to the repayment of stabilization measures of the German Economic Stabilization Fund (ESF) and to the restoration of a sustainable and efficient long-term capital structure. The Executive and Supervisory Boards have not yet taken a decision on the size and timing of a possible capital increase. In addition, a capital increase requires the approval of the ESF.

📌 **Press release: Lufthansa Group successfully secures further liquidity on the capital market**

📌 **Press release: Lufthansa Group announces medium-term targets and makes preparations for a capital increase**

Fleet

Lufthansa Group pushes ahead with fleet modernization



Lufthansa Group is accelerating the modernization of its fleet. New, highly cost and fuel-efficient aircraft are replacing older types on short, medium and long-haul routes. As a result, the Executive Board of Deutsche Lufthansa AG decided, with approval of the Supervisory Board, to buy ten long-haul aircraft: five Airbus A350-900s and five Boeing B787-9. These aircraft will be operated by Lufthansa German Airlines and strengthen the 5-star premium offer of the Group's core brand.

In addition to renewing its long-haul fleet, Lufthansa is also focusing on the latest technology, maximum efficiency and the highest level of customer comfort on short-haul routes. In the current year alone, Lufthansa will take delivery of a new, fuel-efficient Airbus A320 family aircraft for short- and medium-haul routes on average every month. Delivery of a further 107 Airbus A320 family aircraft is planned until 2027.

With the Airbus A350-900, the Boeing 777-9 and the Boeing 787-9, the Lufthansa Group will operate the most fuel-efficient long-haul aircraft in terms of kerosene consumption per passenger and 100 kilometers flown. On average, the new aircraft will only consume approximately 2.5 liters of kerosene per passenger and 100 kilometers flown. This is about 30% less than many current as well as previously operated long-haul aircraft models and will have an equally positive impact on the Group's carbon footprint.

Current plans call for an initial fleet reduction, while at the same time extensively modernizing it in the future. The Boeing 787-9 and Airbus A350-900 will essentially replace the four-engine A340 long-haul aircraft as part of this process. Plans call for reducing the number of four-engine aircraft in the Lufthansa Group long-haul fleet to less than 15% by the middle of this decade; before the crisis, the share was around 50%. The aircraft purchases are accelerating the reduction of fleet complexity for more efficiency. The new, fuel-efficient aircraft will reduce operating costs by around 15% compared with the models they replace.

📌 **Press release: Lufthansa Group pushes ahead with fleet modernization and purchases ten state-of-the-art aircraft**

Eurowings Discover

Ready for take-off: Eurowings Discover has been granted Air Operator Certificate



Just in time for the summer season, the Lufthansa Group has expanded its tourist services. The Group's new leisure airline, Eurowings Discover, received its operating license and Air Operator Certificate (AOC) from the German Federal Aviation Authority on June 16.

The Lufthansa Group's newest airline took off on 24 July 2021 from its home base in Frankfurt am Main for its inaugural flight to Mombasa with onward service to Zanzibar. In August, the flight schedule will be filled with further attractive long-haul destinations: Thus, in addition to two weekly frequencies to Mombasa/Zanzibar, starting in August there will also be three flights a week to Punta Cana and five flights a week to Windhoek. In October, Eurowings Discover will also be flying three times a week to Las Vegas and Mauritius. In the 2021 winter flight schedule, Bridgetown, Montego Bay and Varadero will be added with three weekly frequencies each. In addition, the flight program will be expanded from November to include short- and medium-haul flights to the Canary Islands, Egypt and Morocco.

Its fleet will consist of a maximum of eleven aircraft in total this year and will grow to 21 aircraft by the middle of next year (10x Airbus A320 and 11x Airbus A330). All aircraft are coming from to the Lufthansa Group fleet pool.

In total, with more than 100 vacation destinations, Lufthansa and Eurowings are offering more vacation destinations this summer than ever before. For example, Lufthansa is flying non-stop from Germany to twelve dream destinations in Greece for the first time. Passengers can also choose from attractive long-haul offers to top vacation destinations such as Male (Maldives), Cancún (Mexico) or Punta Cana (Dominican Republic).

 **Press release: Ready for take-off: Eurowings Discover has been granted Air Operator Certificate**

Digitalisation

Lufthansa enables fast check-in with digital vaccination certificate



Passengers from Lufthansa German Airlines can check in faster and receive their boarding pass with their digital vaccination certificate. Travelers present the digital vaccination certificate, which proves full vaccination protection, either via app or on a printout at check-in at the airport. There, it is read and the boarding pass is issued directly and without complications. This eliminates the need to take various papers and proofs to the airport.

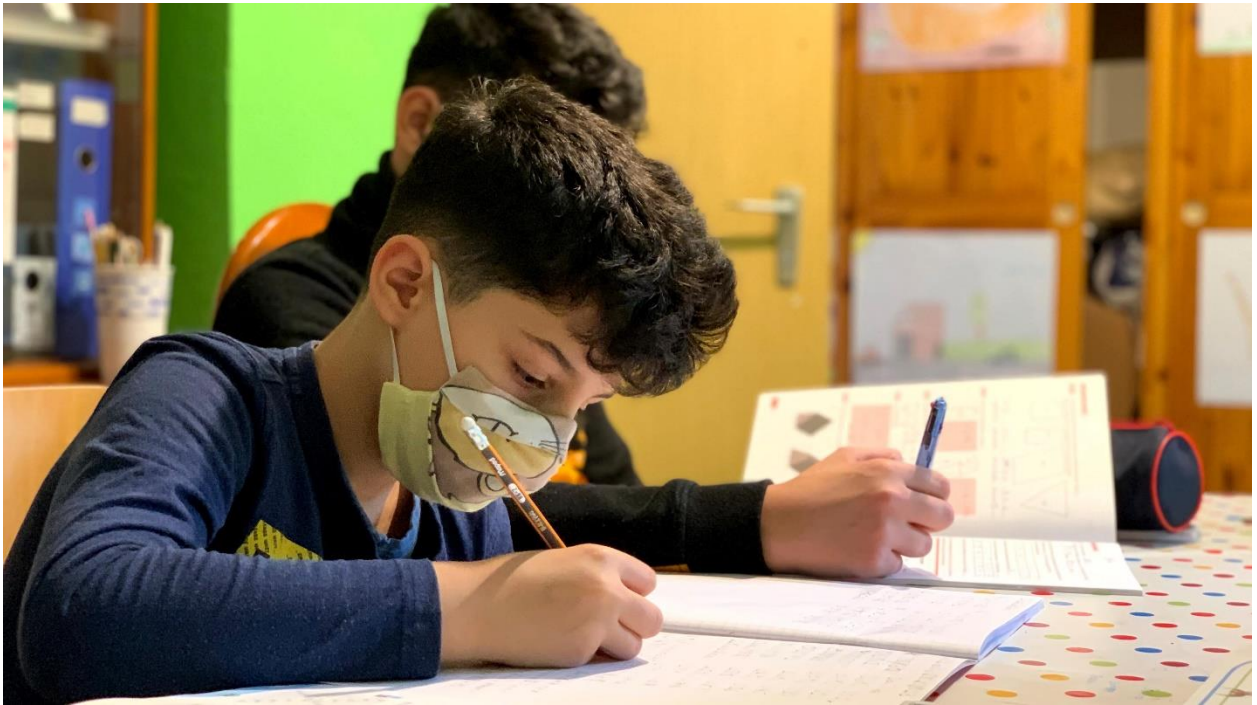
In the future, mobile check-in via smartphone will also be faster and easier: On selected routes, it will soon be possible to scan QR vaccination certificates with the Lufthansa app or to load them digitally into the app. The app recognizes the QR code and uses this information to create the boarding pass.

Anyone who is concerned that they do not have the right certificates for the trip can have them checked by a Lufthansa Service Center on selected flights up to 72 hours before departure. These can be proof of tests, survived Covid-19 disease and now vaccinations. Confirmations of digital entry applications can also be checked in this way. The airline recommends that its guests continue to carry the original printed certificates with them on the trip, in addition to the digital proof, until further notice.

 **Press release: Lufthansa enables fast check-in with digital vaccination certificate**

Responsibility

In 2020, help alliance supported more than 40,000 disadvantaged people worldwide



The current situation in India and many other parts of the world shows the serious impact of the Corona pandemic, especially on the weakest and poorest. In densely populated slums, it is almost impossible to comply with distance and hygienic rules. Furthermore, access to clean drinking water or medical care is impossible for many.

As a globally active aid organization, help alliance therefore sees it as a very urgent responsibility to emphatically support the people most affected by the global crisis and to mitigate negative consequences as much as possible. The Lufthansa Group NGO reacted quickly to the changed situation caused by the Corona crisis and was able to continue its important work in the areas of education, work and income, prevention, health and food supply in its 39 projects in 2020. This year, seven additional projects will be funded, five in Europe.

“We invested about EUR 2.5m in project work and were able to support over 40,000 people worldwide for the first time ever. Last but not least because we reallocated some of the funds for urgent Corona aid, like distributing food parcels and hygiene articles that enabled us to provide many people with additional emergency supplies”, is how Andrea Pernkopf, managing director of help alliance, summarizes the work of the aid organization in the organization's annual report 2020.

In the reporting year 2020, help alliance educated more than 37,000 people about Corona and trained more than 30,000 people in need in hygiene measures. In the area of emergency care, the NGO provided around 18,000 people with masks and more than 10,000 people with food and hygienic products. Thanks to quickly implemented measures, around 20,000 children and young people were able to continue taking part in the aid organization's educational programs - mostly digitally.

📌 **Press release: In 2020, for the first time, help alliance supported more than 40,000 disadvantaged people worldwide**

📌 **Website: [help alliance](#)**

CONTACT

Your contacts at Investor Relations

We are at your disposal to answer your question.



Dennis Weber

Head of Investor Relations

Phone: +49 69 696 28001

E-Mail: investor.relations(at)dlh.de



Svenja Lang

Analyst and Investor Communication
Private Investors

Phone: +49 69 696 28025

E-Mail: investor.relations(at)dlh.de



Shreya Parmar

Analyst and Investor Communication
Sustainability

Phone: +49 69 696 28022

E-Mail: investor.relations(at)dlh.de

FINANCIAL CALENDAR

2021

3 November Release of 3rd Interim Report
January – September 2021

2022

3 March Release of Annual Report 2021

5 May Release of 1st Interim Report
January – March 2022

4 August Release of 2nd Interim Report
January – June 2022

3 November Release of 3rd Interim Report
January – September 2022

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.