

**Lufthansa Group**

## SHAREHOLDER INFORMATION 04/2020



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**LUFTHANSA GROUP**

# Key Figures January – September 2020

## LUFTHANSA GROUP

		Jan - Sep 2020	Jan - Sep 2019	Change in %	Jul - Sep 2020	Jul - Sep 2019	Change in %
<b>Revenue and result</b>							
Total revenue <sup>1)</sup>	€m	10,995	27,524	-60	2,660	10,108	-74
of which traffic revenue <sup>1)</sup>	€m	7,404	21,405	-65	1,763	8,030	-78
Operating expenses <sup>1)</sup>	€m	16,345	27,704	-41	4,276	9,542	-55
Adjusted EBITDA	€m	-2,227	3,715		-649	1,979	
Adjusted EBIT	€m	-4,161	1,715		-1,262	1,297	
EBIT	€m	-5,857	1,637		-2,389	1,220	
Net profit/loss	€m	-5,584	1,038		-1,967	1,154	
<b>Key balance sheet and cash flow statement figures</b>							
Total assets	€m	39,010	44,187	-12	–	–	
Equity	€m	3,347	8,991	-63	–	–	
Equity ratio	%	8.6	20.3	-11.7 pts	–	–	
Net indebtedness	€m	8,930	6,083	47	–	–	
Pension provision	€m	8,073	7,914	2	–	–	
Cash flow from operating activities	€m	-1,598	3,735		-1,961	1,342	
Capital expenditures (gross) <sup>2)</sup>	€m	1,023	2,785	-63	126	881	-86
Adjusted free cash flow	€m	-2,579	685		-2,069	416	
<b>Key profitability figures</b>							
Adjusted EBITDA margin	%	-20.3	13.5	-33.8 pts	-24.4	19.6	-44.0 pts
Adjusted EBIT margin	%	-37.8	6.2	-44.0 pts	-47.4	12.8	-60.2 pts
EBIT margin	%	-53.3	5.9	-59.2 pts	-89.8	12.1	-101.9 pts
<b>Lufthansa share</b>							
Share price as of 30 Sep	€	7.36	14.58	-50	–	–	
Earnings per share	€	-10.79	2.18		-3.80	2.43	
<b>Traffic figures<sup>1)</sup></b>							
Flights	number	321,084	901,724	-64	95,147	326,258	-71
Passengers	thousands	32,157	111,737	-71	8,681	42,765	-80
Available seat-kilometres	millions	90,937	274,200	-67	22,333	99,597	-78
Revenue seat-kilometres	millions	61,345	227,186	-73	11,833	86,017	-86
Passenger load factor	%	67.5	82.9	-15.4 pts	53.0	86.4	-33.4 pts
Available cargo tonne-kilometres	millions	7,912	13,089	-40	2,417	4,536	-47
Revenue cargo tonne-kilometres	millions	5,362	7,942	-32	1,759	2,680	-34
Cargo load factor	%	67.8	60.7	7.1 pts	72.8	59.1	13.7 pts
<b>Employees</b>							
Employees as of 30 Sep	number	124,534	138,350	-10	–	–	

<sup>1)</sup> Previous year's figures have been adjusted.

<sup>2)</sup> Without acquisition of equity investments.

Date of publication: 5 November 2020.



## DEAR SHAREHOLDERS,

The corona crisis continues to have a considerable impact on the Lufthansa Group. In the first nine month of the year, revenue was down 60% year-on-year. Adjusted EBIT fell from EUR 1,715m in the previous year to EUR -4,161m. At the same time, we were able to reduce the operating cash drain significantly in the third quarter compared to the previous quarter, due to strict cost savings and the expansion of our flight program during the summer months. Lufthansa Cargo contributed to this with a strong performance and a positive result.

In the following months, the focus will remain on reducing costs as much as possible and on minimising cash outflows. Simultaneously, we will not lose sight of the necessity to adapt to the long-term structural changes of market conditions. With the ongoing implementation of the restructuring programme ReNew, Lufthansa will become leaner, less complex and more efficient. Within the scope of the third package of the programme, fleet planning was further adjusted and targets a reduction of 150 aircraft. The resulting staff overhang amounts to more than 27,000 FTE. In addition, the number of management positions will be reduced by 20%.

After we were able to agree on a long-term package of crisis-related measures with the independent flight attendant union UFO, we also signed a short-term crisis agreement with the pilot union Vereinigung Cockpit for the year 2020, its expansion is currently being negotiated. The dialogue with the union for the ground staff ver.di was resumed as well.

The outlook for international air traffic has significantly worsened again in recent weeks. The worldwide number of infections has been rising dramatically. Our home markets have been particularly impacted by this development. Last week, a month-long lockdown has come into force in Germany as well as in Austria. Other European countries are also increasing their corona measures, while important long-haul markets such as the United States are not expected to open their borders for travel anytime soon. Therefore, we will offer a maximum of 25 percent of last year's capacity in the fourth quarter. Given the uncertainty regarding the further development of the corona crisis, it is still not possible to give a detailed financial forecast for 2020.

At the end of September, the Lufthansa Group had EUR 10.1 billion of cash at its disposal. This figure includes undrawn stabilisation measures in Germany, Switzerland, Austria and Belgium totaling EUR 6.3 billion. With this strong cash position the Lufthansa Group is well equipped for the upcoming months. Like everyone in this industry, we are facing a tough winter season. However, due to the implemented measures, we are convinced that the Lufthansa Group will emerge stronger from this crisis than our competitors. Thus, we will defend our position as Europe's leading airline group.

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', written in a cursive style.

**Dennis Weber**

Head of Investor Relations  
Deutsche Lufthansa AG

## BUSINESS DEVELOPMENT

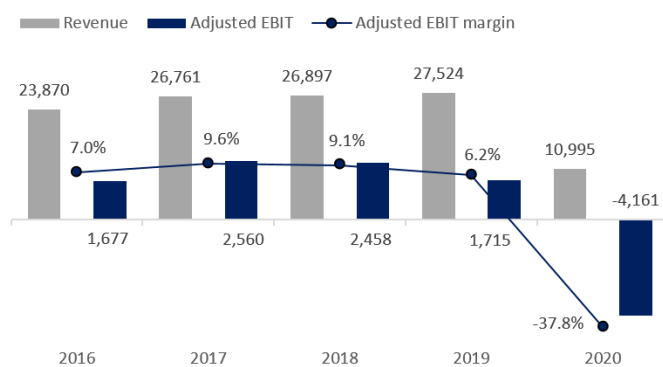
### **Effects of the coronavirus crisis put significant strain on business at the Lufthansa Group**

The global spread of the coronavirus had a severe impact on the Lufthansa Group's business since March 2020. The Lufthansa Group reduced its available capacity significantly as soon as the crisis broke out and additionally took steps to cut costs and investment spending. There were signs of a tentative market recovery in July and August 2020 and flight capacities were successfully expanded compared with the preceding months, but the outlook for international air traffic has significantly worsened again in recent weeks after the end of the summer travel season and due to the renewed increase in infections and tighter travel restrictions. Available seat-kilometres in the fourth quarter are only expected to reach a maximum of 25% of last year's figure.

Traffic revenue for the Lufthansa Group airlines fell by 65% year-on-year in the first nine months of the financial year to EUR 7,404m due to lower traffic. Group revenue of EUR 10,995m was 60% down on the year.

Operating expenses fell by 41% in total to EUR 16,345m, primarily due to the volume-related decline in the cost of materials and services, particularly for fuel, fees and charges, the introduction of short-time working for large parts of the workforce and other measures to reduce fixed costs.

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



Adjusted EBIT fell to EUR -4,161m (previous year: EUR 1,715m), the Adjusted EBIT margin came to -37.8% (previous year: 6.2%). EBIT decreased to EUR -5,857m (previous year: EUR 1,637m). The net result for the period decreased to EUR -5,584m (previous year: EUR 1,038m). 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 -2,579m (previous year: EUR 685m). Net indebtedness of EUR 8,930m was 34% higher than at year-end 2019 (31 December 2019: EUR 6,662m). At the end of September 2020 the Group held cash and cash equivalents of EUR 10.1bn. This includes EUR 6.3bn in state stabilisation funds and loans which have not yet been utilised.

➤ Financial reports: 3rd Interim Report 2020

➤ Press release: „Lufthansa Group reports Adjusted EBIT of minus EUR 1.3 billion in the third quarter“

## OUTLOOK

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

The outlook for international air traffic has significantly worsened again in all relevant markets in recent weeks after the end of the summer travel season and due to the renewed increase in infections and tighter travel restrictions. The further progression of the pandemic, the measures to contain the virus, specifically with regard to travel restrictions, and the short-term effects of the pandemic on customer confidence cannot be reliably predicted.

It is therefore 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 business segment is expected to see performance that deviates from the Group as a whole. The Group assumes that the positive earnings performance, driven by higher average yields resulting from the loss of belly capacities on passenger aircraft, will continue for the remainder of the year. The segment will thus achieve a double-digit Adjusted EBIT margin for financial year 2020.

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

## SHARE PRICE DEVELOPMENT

### Corona crisis leads to significant drop of share price

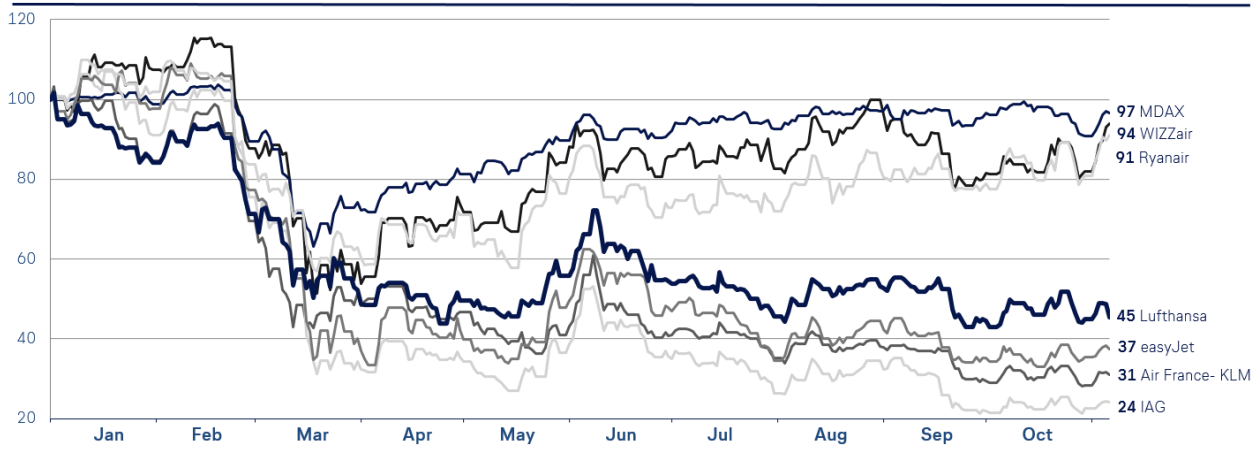
The ongoing corona crisis still puts significant pressure on the Lufthansa share. After reaching its high price for the year on 2 January 2020 with 16.68 EUR, the share price decreased to the low of 7.18 EUR on 24 April 2020 in the course of the corona crisis. Thereafter, the share price has been able to recover, on 9 June 2020 the share price was 11.85 EUR. Until 6 November 2020 the share price dropped again to 7.44 EUR, mainly due to the renewed increase in infections and tighter travel restrictions. Since the beginning of the year, the share price decreased 55%. The Lufthansa share performed better than the shares of the two other European network airlines, IAG and AirFrance-KLM, who lost 76% and 69% 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, with a loss of 3% and 6% respectively.

#### PERFORMANCE OF THE LUFTHANSA SHARE

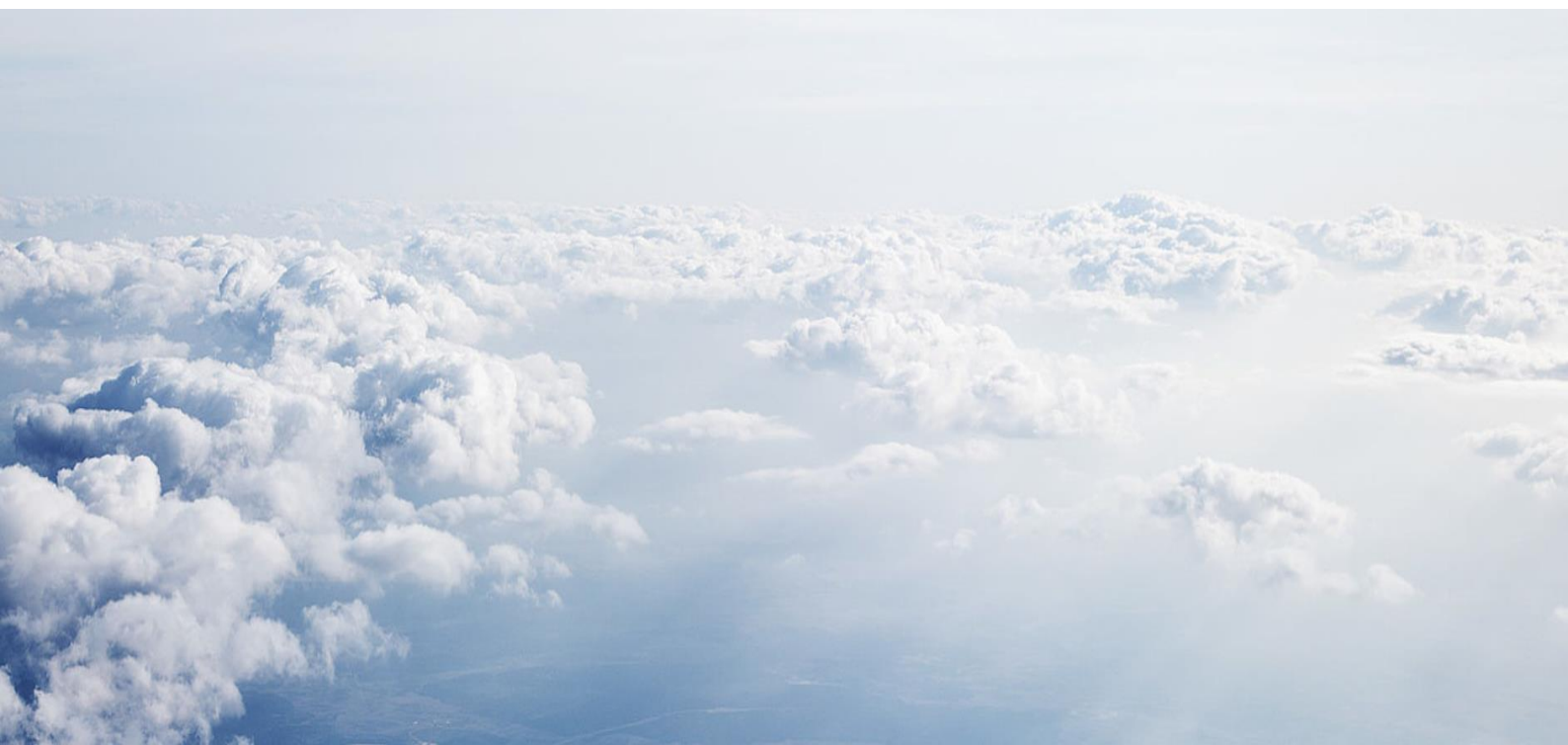
LUFTHANSA'S SHARE PRICE AS OF 06 NOVEMBER 2020

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

**7.44 €**



[Website: Share price information](#)





## TOPICS

### Stabilisation measures

#### European Commission and WSF approve stabilisation packages

In course of the third quarter 2020 the European Commission also approved the further parts of the stabilisation package.

On 7 July 2020, the European Commission gave its approval on the coronavirus aid package of EUR 600m for Austrian Airlines agreed between the Austrian government, the Lufthansa Group and Austrian Airlines. As part of the package, Deutsche Lufthansa AG provided Austrian Airlines with EUR 150m in equity after this approval was granted.

Furthermore, on 21 August 2020, the stabilisation package for Brussels Airlines, in the form of a loan of EUR 290m from the Belgian state, supplemented by an equity injection of EUR 170m from Deutsche Lufthansa AG, was approved by the European Commission.

The Economic Stabilisation Fund (WSF) in the Federal Republic of Germany approved aid packages amounting to some EUR 2.2bn from Austria, Switzerland and Belgium on 17 August 2020. This sum will be offset against the stabilisation package agreed with the WSF.

### Stabilisation measures

#### First payments from the stabilisation packages have been made

The companies in the Lufthansa Group have received a total of EUR 2.7bn from the stabilisation packages until end of September 2020.

In Germany, Silent Participation II from the WSF of EUR 1,000m and another syndicated loan of EUR 1,000m from the KfW were utilised, and a further EUR 306m was received from the WSF from the capital increase. In Austria the hybrid loan of EUR 150m from the Federal Finance Agency and two tranches of the syndicated loan totalling EUR 200m were disbursed.

In addition, the LSG Group and Lufthansa Technik received payments totalling USD 244m in the USA under the Coronavirus Aid, Relief and Economic Security Act, partly as loans and partly as grants.

 [Website: Stabilisation package](#)

## Restructuring

### Lufthansa Group decides on third package of its restructuring programme



On 21. September 2020 the Executive Board of Deutsche Lufthansa AG adopted the third packages of the Group-wide restructuring programme ReNew.

The medium-term fleet planning now provides for a lasting capacity reduction of 150 aircraft across the Group from the middle of the decade. It will mostly be long-haul aircraft that are retired early. This includes the complete sub-fleets of the Airbus A380 and A340-600, which are to be transferred to long-term parking mode or permanently taken out of service.

Surplus staff capacity due to the planned reduction in flight capacity comes to more than 27,000 FTE. Adjustments to the long-term number of employees at the airlines will be made in line with market developments. Regardless of the negotiations on the balancing of interests and severance packages for redundancies in the Lufthansa Group, the Executive Board still aims to agree on crisis packages with the collective bargaining partners to limit the number of redundancies required.

The management structure is to be streamlined in the first quarter of 2021 with a 20% cut in the number of management positions. Office space is also to be reviewed worldwide and will be reduced by 30% in Germany.

In the Executive Board's assessment, the continuing high level of uncertainty in global air traffic makes short-term adjustments to the current market situation unavoidable for the foreseeable future. The Board considers the expansion of corona tests prior to departure an essential prerequisite for the resumption of global mobility. Consistent testing is possible, increases safety for travellers and is a better alternative than changing inconsistent entry and quarantine regulations.

📌 Press release: „Lufthansa decides on third package within restructuring program“



## Union agreements

### Lufthansa Group and the Vereinigung Cockpit pilots' union agree on short-term crisis measures



On 19 August 2020, the Lufthansa Group and the Vereinigung Cockpit pilots' union signed a short-term crisis agreement that will apply until the end of the year.

The agreement covers a reduction in the income supplement for short-time working pay and in employer contributions to the pension fund, as well as a postponement of the pay scale increases agreed for 2020 until January 2021. Redundancies are ruled out until 31 March 2021.

These measures apply to the pilots at Lufthansa German Airlines, Lufthansa Cargo, Lufthansa Aviation Training and some of the Germanwings pilots.

In June 2020, the Lufthansa Group and the independent flight attendants' union UFO agreed on a package of measures to overcome the economic effects of the crisis. This will result in cost savings of more than half a billion euros by the end of 2023.

📌 Press release: „Lufthansa and Vereinigung Cockpit agree on package of short-term crisis measures through the end of the year“

## Management

### Lufthansa Supervisory Board renews contract with Harry Hohmeister



The supervisory board of Deutsche Lufthansa AG decided in its meeting on 21 September 2020 to extend the contract with Harry Hohmeister (56) ahead of schedule for three more years until 30 June 2024.

The Chairman of the Supervisory Board of Deutsche Lufthansa AG, Karl-Ludwig Kley, says: "Harry Hohmeister's vast experience and expertise are more important than ever in these times of great challenges. He has the confidence of the Supervisory Board and we are delighted that he will continue his successful work within the Executive Board."

Harry Hohmeister has been a member of the Executive Board of Deutsche Lufthansa AG since July 2013. He is in charge of the Executive Board department "Commercial Passenger Airlines" and is responsible for the coordination of Network Planning, Revenue Management, Distribution and Sales for all passenger airlines in the Lufthansa Group

📌 Press release: „Lufthansa Supervisory Board extends contract of Harry Hohmeister ahead of schedule“

## Supervisory Board

### Change in the Supervisory Board of Deutsche Lufthansa AG

Angela Titzrath and Michael Kerkloh were appointed by the court as new members of the Supervisory Board of Deutsche Lufthansa AG on 2 September 2020, as proposed by the Chairman of the Supervisory Board Karl-Ludwig Kley and in line with the provisions of the WSF stabilisation package. Furthermore, at its meeting on 21 September 2020, the Supervisory Board elected Michael Kerkloh to the Audit Committee of Deutsche Lufthansa AG.

The former Supervisory Board members Monika Ribar and Martin Koehler resigned their seats to enable the appointment of the two new members.

Karl-Ludwig Kley says: "With this change we are fulfilling a core condition of the stabilisation package. I would like to thank Monika Ribar and Martin Koehler for their many years of dedicated work on the Supervisory Board. With them we are losing two proven experts who have always contributed their extensive management experience and airline expertise in the interests of the company. At the same time, with Angela Titzrath we are gaining an experienced manager who will enrich the Supervisory Board with her broad expertise from various industries and companies. Her experience in logistics and her knowledge of personnel policy issues will be of great value to our Supervisory Board. Michael Kerkloh has successfully managed the airports in Hamburg and Munich for many years. He will bring his many years of experience and his deep understanding of the aviation industry to the Supervisory Board".

📌 Press release: „Change in the Supervisory Board of Deutsche Lufthansa AG“

## CONTACT

### Your contacts at Investor Relations

We are at your disposal to answer your questions.



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## FINANCIAL CALENDER

### 2021

<b>4 March</b>	Release of Annual Report 2020
<b>29 April</b>	Release of 1st Interim Report January – March 2021
<b>4 May</b>	Annual General Meeting
<b>5 August</b>	Release of 2nd Interim Report January – June 2021
<b>28 October</b>	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.