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Key Highlights

- Stabilization package agreed with the German Economic Stabilization Fund (ESF) will ensure going concern and viability of the Lufthansa Group.

- Result of intense negotiations with the ESF and EU Commission.

- Secures the necessary strategic and operational flexibility of Lufthansa Group in the current challenging environment.

- Preserves integrity of Lufthansa Group as an integrated airline group.

- Balanced approach protecting all stakeholder groups (shareholders, creditors, customers, business partners, employees, German tax payers).
Lufthansa Group remains the leading European airline group

Sustainable balance of all stakeholders’ interests

- Based in economically strong home markets: Germany, Switzerland, Austria, Belgium
- Flexible multi-hub model with premium network airlines as core
- Strategically increasing point-to-point and leisure business
- Strong financial foundation: valuable portfolio of Aviation Services. Flexible, unencumbered fleet
- #1 employees of the industry
Key facts around the stabilization package

- **EUR 5.7 billion silent participation**
  - EUR 4.7 billion accounted as equity\(^1\) (“Silent Participation I”)
  - EUR 1.0 billion accounted as financial debt\(^1\), with certain conversion rights for the ESF (“Silent Participation II”)
- **EUR 3.0 billion syndicated credit facility**, 80% backed by KfW
- **20% direct stake** by the ESF, contributing EUR 0.3 billion equity

Additional terms and conditions
- Conditions include, among other, no dividend payments for the time of the stabilization measure, limitations on management compensation, 2 seats on Supervisory Board to be filled in agreement with ESF, commitment to invest in further CO\(_2\) emission reduction
- Except in the event of a takeover, the ESF agrees not to exercise its voting rights at the AGM in connection with the ordinary resolutions of regular AGMs

Clear exit perspective
- Subject to full repayment of the silent participations and certain minimum price, obligation of the ESF to sell all shares by Dec 31 2023
- **Clear take-out and refinancing plan in place to redeem instruments** of the stabilization package with clear target to return to **Investment Grade** credit rating over the mid-term

Next steps and key conditions
- Finalization and execution of **long-form documentation**
- **Clearance by EU Commission** and relevant **Antitrust Authorities**
- **EGM** scheduled for June 25, 2020

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\(^1\) According to German GAAP (HGB) and IFRS
The Covid-19 impact on Lufthansa Group

Pre-crisis situation (as of 31. December 2019)

- €36.4 billion revenue
- €4.0 billion operating cash flow
- €2.3 billion / BBB Available liquidity1 / S&P credit rating

Current situation (as of May 2020)

- €2.0 billion (5.6%) adj. EBIT (margin)
- >22,500 weekly flights on average
- €7.8 billion market capitalization
- c.95% of flights cancelled
- negative EBIT expected in 2020

- c.$60 billion cash burn expected for airlines in Q2 20202
- c.95% fewer bookings
- c.87,000 employees in short-term work

Significant liquidity need

1) Centrally available liquidity as per 31 December 2019; 2) According to IATA Economics.
Lufthansa has successfully protected liquidity but significant cash risks remain

**Strong pre-crisis liquidity**

<table>
<thead>
<tr>
<th>(EUR million)</th>
<th>Centrally available liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31, 2019</td>
<td>~2,300</td>
</tr>
<tr>
<td>Mar 31, 2020</td>
<td>~4,250 (~85% increase)</td>
</tr>
</tbody>
</table>

~EUR 1.5 billion of new funds raised

**Cash burn due to COVID-19**

- c. EUR 800 million current monthly operating cash burn (excludes working capital, investing and financing cash flows)
  - Personnel
  - Material
  - Fuel hedging
  - Rents
  - Other

- Additional working capital risks and refinancing needs create risk of liquidity reserves to be exhausted by end of Q2 / beginning of Q3 2020

**Way forward**

- Successfully implemented decisive measures to protect our liquidity
- Stabilization of cash flows expected towards the end 2020 but some risks remain
- ~ EUR 9 billion stabilization package ensures going concern and full funding throughout 2020
Overview of the ESF stabilization package

Key components

- **Syndicated KfW loan**
  - 80% backed by KfW
  - Maturity of 3 years with margin grid linked to rating

- **Silent Participation II**

- **Silent Participation I**

- **Direct equity**
  - 20% direct share issuance to ESF at EUR 2.56 per share

Description

- **Syndicated loan**; 80% backed by KfW
- Maturity of 3 years with margin grid linked to rating

- Linked to certain conversion rights for the ESF
- **Financial liability** under IFRS / German GAAP
- Maturity of 6 years with extension in case Silent Participation I not yet redeemed

- Accounted for as equity according to IFRS / German GAAP
- **No maturity** – repayment and coupon payments at discretion of LHG

EUR 9.0 billion

3.0

1.0

4.7

0.3
Key elements of the silent participation and equity instruments

**Silent Participation I and II**

- **Silent Participation I**
  - Deeply subordinated / only senior to equity
  - Key features include loss participation and coupon deferral right
  - No maturity
  - Accounted as equity acc. to IFRS / German GAAP
  - Broadly linear coupon step-up from 4% p.a. in 2020 / 2021 to 9.5% p.a. from 2027 onwards

- **Silent Participation II**
  - Two tranches with conversion features
  - 6 year maturity with extension option until full repayment of Silent Participation I
  - Broadly linear coupon step-up from 4% p.a. in 2020 / 2021 to 9.5% p.a. from 2027 onwards

**Direct share issuance**

- **1) Minimum sale price of EUR 2.56 per share plus an annual interest of 12%**

**Conversion rights of Silent Participation II**

- **In case of a takeover or after sale of the instrument by the ESF: right to convert into 39.8 million shares at a price of EUR 2.56**

- **In case of non-payment of Silent Participation I coupons until 2024 (and/or until 2026) right to convert into 5% of share capital, respectively, at 5.25% discount to market price**

- **Dilution protection for 20% stake in case of a non-pre-emptive capital increase or for 25% stake in case of a takeover, at a 10% discount to market price**
Other key terms and conditions of the stabilization package

<table>
<thead>
<tr>
<th>Board representation</th>
<th>2x seats on the Supervisory Board of LH Group to be filled in agreement with the German government (“Airbus model”), 1x of which is to become a member of the Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting rights</td>
<td>Except in the event of a takeover, the ESF agrees <strong>not to exercise its voting rights</strong> at the AGM in connection with the usual resolutions of ordinary AGMs</td>
</tr>
<tr>
<td>Dividends and share repurchases</td>
<td><strong>No dividend payments</strong> and share repurchases until full exit from the stabilization package</td>
</tr>
</tbody>
</table>
| Fleet and emission reduction | Subject to economic viability and market environment, commitment to invest in further CO₂ emission reduction of the fleet  
  ▪ Investment into 80 new aircrafts from 2021 to 2023 to modernize the fleet  
  ▪ Expand strategic cooperation on aircraft fuels from environmentally friendly sources |
| Management compensation | Restrictions on fixed and variable management remuneration until repayment of 75% of the stabilization package |
| Other                | **Ban on acquisitions of >10%** in a target until 75% of the stabilization package has been repaid |
Slot remedies agreed with the EU Commission

### Overview of slot transfers

- Total of **48 slots** transfers
  - **24 Slots**
    - Up to 4 aircraft à 3 take-off / landing rights each
  - **24 Slots**
    - Up to 4 aircraft à 3 take-off / landing rights each

### Key facts and conditions

- **Lufthansa Group** to transfer a total of 48 take-off and landing rights (slots) to a competitor
  - **3 take-off and 3 landing rights per aircraft per day** for the stationing of **up to 4 aircraft** at **Frankfurt International Airport** and at **Munich International Airport**
  - Resulting in **24 slots each at both airports**
  - The slots will be allocated in a bidding process and can only be taken over by a European competitor not subject to substantial government recapitalization during the COVID-19 pandemic
  - Option available to a new competitor only for first 1.5 years
  - If no new competitor makes use of this option, it will be extended to existing competitors at the respective airports
Restructuring plan will include right-sizing and assessment of Group portfolio

Restructuring plan & Payback 2023
Repayment of EUR 9 billion and securing investment capability and competitiveness

**Financing Measures & Corporate Structure**
- Refinancing / Raising of capital
- Active portfolio management

**Operational Restructuring**
- Fleet size / Right-sizing
- AOC structure
- Hub strategy
- Dimensioning aviation services

**Staff Reduction & Productivity**
- Airlines + affiliated businesses
- Aviation services / Third-party business
- Leadership team

**System Partner Contributions**
- Airports & ATC
- OEMs
- Suppliers

...
Future financial profile and financing considerations

Maturity profile of existing borrowings
(As of March 31, 2020; in EUR billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Promissory notes</th>
<th>Hybrid bond</th>
<th>Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.2</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>2021</td>
<td>2.6</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>2022</td>
<td>0.8</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>2023</td>
<td>3.0</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>2024</td>
<td>1.3</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>2025</td>
<td>0.3</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>2026</td>
<td>0.3</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>2027</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>2028</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>2029</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Financing strategy

Target of LH Group to revert to Investment Grade credit rating

- Near-term refinancing via a mix of European unsecured bonds, EETCs and JOL/JOLCOs or other secured financing as well as promissory notes
- Future refinancing to include additional equity issuance post recovery to facilitate return to IG rating
- Remaining refinancing after return to IG rating likely primarily based on unsecured financing, e.g. larger size issuances in European unsecured bond market
- Potential selected asset disposals of non-core businesses

Repay KfW until 2023
Repay Silent Participations thereafter
Lufthansa Group will further expand flight program from June onwards

LHG destinations as of June

Key facts

- 15% of total capacity and 50% of destination portfolio back online
- Over 2,000 weekly connections to more than 130 destinations worldwide
- Focus on summer tourist destinations
- As of autumn 2020, 40% capacity with 70% (Intercontinental) and 90% (Continental) of destination portfolio back online
Next steps and key conditions in relation to the ESF package

- Finalization and execution of long-form documentation

- Clearance of State Aid Package by EU Commission

- Receipt of required antitrust clearances

- Approval by Lufthansa shareholders in EGM on June 25, 2020 (2/3 majority required or simple majority in case attendance higher than 50%)