

# Deutsche Lufthansa AG

Deutsche Lufthansa AG's (Lufthansa) recent rating affirmation reflects its strong position in the global aviation industry as the largest European airlines group in terms of fleet and revenues. The group also benefits from its leading position in cargo and maintenance, repair and overhaul (MRO) that helps offset business cyclicity. The rating considers the subdued profitability at Lufthansa Airlines as well as the group's moderate EBITDAR net leverage and strong liquidity.

The industrial action in 1H24, softer yields and delays in aircraft deliveries will drive net leverage higher in 2024, but it will remain within the rating sensitivities (1.8x vs. 2.5x). However, Fitch expects profitability to gradually improve thanks to the normalisation of operations after signing of the collective labour agreements (CLAs) and cost-cutting initiatives. This will lead to the group's credit metrics remaining commensurate with current rating sensitivities over the medium term.

## Key Rating Drivers

**Robust Business Profile:** Lufthansa has a worldwide leading market position, supported by a diverse multi-brand network and multi-hub strategy across major European cities. Its world-leading cargo and MRO segments provide significant synergies and help mitigate market cyclicity. In particular, Lufthansa Technik (MRO) continues to benefit from delayed aircraft deliveries and ongoing problems with Pratt & Whitney's geared turbofan (P&W GTF) engines.

**Profit Hit in 2024:** Lufthansa Airlines' performance has been particularly hit in 2024 by the labour dispute (mostly in 1Q24), some weakness in yields (which may persist beyond this year) and operational inefficiencies due to delayed aircraft deliveries. This led the company to revise its 2024 EBIT guidance to EUR1.4 billion–EUR1.8 billion compared with EUR2.7 billion in 2023 and initial 2024 guidance of stable against 2023.

Our 2024 EBITDAR forecast is EUR3.7 billion (EUR4.6 billion in 2023), but we expect 2025 EBITDAR to partially recover, despite our assumption of slightly weaker yields in 2025 and unchanged fuel price expectations. The expected improvement will mostly come from the company's cost-cutting measures along with profit growth at Cargo and Technik. Historically weaker profitability for Lufthansa than its main peers has been sufficiently offset by a more conservative capital structure, in our view.

**Normalised Labour Relations:** Lufthansa's 1H24 performance was affected by a strike from various employee groups that had a negative impact on profit of EUR450 million. The company has now negotiated CLAs covering 42,000 employees across group airlines including pilots, cabin crew and ground operations unions. The CLA includes an average salary increase of around 16% in three stages and a ban on strikes until 2026. We view these CLA agreements as positive for the company as it increases visibility over the coming years and enhances planning.

**Temporary Leverage Spike:** The company's Fitch-adjusted EBITDAR gross and net leverage was comfortably within the sensitivity at end-2023 at 2.9x and 1.3x, respectively. However, the profit decline in 2024 will lead to EBITDAR gross leverage spiking at 3.7x, exceeding our negative sensitivity of 3.5x, while net leverage will remain comfortably within the sensitivity. We anticipate that EBITDAR gross leverage will return within the sensitivity in 2025, with net leverage in the range of 1.8–2.0x during 2024–2026 (vs. 2.5x threshold).

**Prudent Financial Policy:** Lufthansa is committed to maintaining its adjusted net debt (including net pension liability) to adjusted EBITDA (as reported by the company) ratio below 3.5x and in general to retaining its investment-grade rating. The management has successfully maintained this ratio well below the target, achieving 1.7x in 2023 and 1.9x by end-September 2024. The company's target leverage broadly translates into Fitch's negative sensitivity for EBITDAR net leverage for the 'BBB-' rating.

## Ratings

|  |      |
|--|------|
| Long-Term IDR                            | BBB- |
| Senior Unsecured Debt – Long-Term Rating | BBB- |
| Subordinated Long-Term Rating            | BB   |

## Outlook

|                                |        |
|--------------------------------|--------|
| Long-Term Foreign-Currency IDR | Stable |
|--------------------------------|--------|

[Click here for the full list of ratings](#)

## ESG and Climate

|                                    |    |
|------------------------------------|----|
| Highest ESG Relevance Scores       |    |
| Environmental                      | 3  |
| Social                             | 3  |
| Governance                         | 3  |
| 2035 Climate Vulnerability Signal: | 45 |

## Applicable Criteria

[Sector Navigators – Addendum to the Corporate Rating Criteria \(June 2024\)](#)  
[Corporate Recovery Ratings and Instrument Ratings Criteria \(August 2024\)](#)  
[Corporate Hybrids Treatment and Notching Criteria \(November 2020\)](#)  
[Corporate Rating Criteria \(November 2023\)](#)

## Related Research

[Global Corporates Macro and Sector Forecasts](#)  
[EMEA Airlines – Relative Credit Analysis \(September 2024\)](#)  
[EMEA Aviation Monitor – October 2024](#)

## Analysts

Pierre Gaillac  
 +34 93 492 9520  
[pierre.gaillac@fitchratings.com](mailto:pierre.gaillac@fitchratings.com)

Raman Singla  
 +44 20 3530 1728  
[raman.singla@fitchratings.com](mailto:raman.singla@fitchratings.com)

**Wider Industry Risks Remain:** Our forecasts include conservative assumptions to account for risks related to operational constraints (delays in aircrafts deliveries and slower capacity uptick), demand fatigue and slightly increasing unit costs (driven largely by staff costs following signed CLAs, emission reduction costs and general inflation). Lufthansa is not meaningfully affected by the P&W GTF engine issues.

**Completion of ITA Acquisition:** In July 2024, the European Commission approved Lufthansa's acquisition of a 41% in ITA Airways (ITA). On 29 November 2024, the European Commission also approved a package of antitrust remedies, which should enable Lufthansa to start integrating the acquisition by early 2025. We believe that Lufthansa's market position could be mildly strengthened by the integration of ITA into its network and alliance, while operational synergies are possible.

Lufthansa has the option to proceed with a full takeover of ITA. However, the decision remains at Lufthansa's discretion and is contingent on ITA's performance. Our forecast assumes that Lufthansa will retain its 41% stake with no further share acquisitions before 2026 and few synergies over the forecast horizon.

## Financial Summary

| (EURm)                            | 2019    | 2022    | 2023    | 2024F   | 2025F   | 2026F   |
|-----------------------------------|---------|---------|---------|---------|---------|---------|
| EBITDAR                           | 4,381.0 | 3,509.0 | 4,644.0 | 3,702.5 | 4,298.1 | 4,789.7 |
| EBITDAR margin (%)                | 12.0    | 10.7    | 13.1    | 9.4     | 10.2    | 10.9    |
| FCF margin (%)                    | -2.8    | 4.4     | -1.0    | –       | –       | –       |
| EBITDAR leverage (x)              | 2.1     | 4.2     | 2.9     | 3.7     | 3.5     | 3.4     |
| EBITDAR net leverage (x)          | 1.4     | 1.9     | 1.3     | 1.9     | 1.9     | 2.1     |
| EBITDAR fixed-charge coverage (x) | 3.8     | 2.9     | 3.9     | 2.6     | 2.7     | 2.8     |

F = Forecast

Source: Fitch Ratings, Fitch Solutions

## Rating Derivation Relative to Peers

Lufthansa is the largest EMEA airlines group by fleet size and revenues and benefits from a strong position in cargo and MRO, mainly in Europe and North America. As a multi-brand group, Lufthansa compares well with International Consolidated Airlines Group S.A. (IAG) and Air France KLM (AFKLM; BBB-/Stable) due to its diversified hub structure and extensive route network.

Air France KLM is Lufthansa's closest peer due to their strong respective hub positions with geographic proximity. Both companies operate passenger, cargo and MRO businesses, but Lufthansa remains the leader in each. However, Air France KLM has reported a faster recovery from the pandemic, better profitability and higher geographic diversification globally. We view their business profiles as comparable.

British Airways Plc (BA; BBB-/Stable, Standalone Credit Profile (SCP) bb+) compares well with Lufthansa in terms of its strong hub position in Europe and diversified network. We view Lufthansa's overall business profile as stronger because of its larger size and better business mix. Along with Lufthansa's more robust financial profile, with lower leverage and higher liquidity, this leads to its IDR being one notch above BA's SCP.

Turk Hava Yollari Anonim Ortakligi (Turkish Airlines; BB-/Stable) also operates passenger, cargo and MRO businesses but remains a smaller player than the German airline. Lufthansa has a stronger business profile thanks to its more favourable geographic position with a better operating environment. Turkish Airlines is currently rated at the same level as Turkiye's Country Ceiling.

## Navigator Peer Comparison

|   | IDR/Outlook | Operating Environment | Management and Corporate Governance | Diversification | Market Position | Management Strategy/Effectiveness | Cost Position | Profitability | Financial Structure | Financial Flexibility |
|---|-------------|-----------------------|-------------------------------------|-----------------|-----------------|-----------------------------------|---------------|---------------|---------------------|-----------------------|
| American Airlines Group, Inc.                         | B+/Stable   | aa-                   | bbb+                                | bbb             | bb+             | bb                                | bb            | bb-           | b                   | bb-                   |
| British Airways Plc                                   | BBB-/Stable | aa-                   | a                                   | bbb             | bb-             | bbb                               | bb+           | bb+           | bb                  | bbb-                  |
| Delta Air Lines, Inc.                                 | BBB-/Stable | aa                    | a+                                  | bbb             | bb+             | bbb-                              | bb            | bb+           | bbb-                | bbb-                  |
| Deutsche Lufthansa AG                                 | BBB-/Stable | aa-                   | a                                   | bbb+            | bbb-            | bbb-                              | bb+           | bb-           | bbb-                | bbb                   |
| Ryanair Holdings plc                                  | BBB+/Stable | aa-                   | a-                                  | bbb             | bbb             | bbb                               | bbb           | bbb           | bbb+                | bbb+                  |
| Turk Hava Yollari Anonim Ortakligi (Turkish Airlines) | BB-/Stable  | bb                    | bbb                                 | bbb-            | bb+             | bb+                               | bb+           | bb            | bb-                 | bb+                   |
| Wizz Air Holdings Plc                                 | BB+/Stable  | a-                    | bbb+                                | bbb-            | bbb             | bbb-                              | bbb           | bbb-          | bb                  | bb+                   |

Source: Fitch Ratings.

Relative Importance of Factor: Higher (Red), Moderate (Blue), Lower (Light Blue)

| Name  | IDR/Outlook | Operating Environment | Management and Corporate Governance | Diversification | Market Position | Management Strategy/Effectiveness | Cost Position | Profitability | Financial Structure | Financial Flexibility |
|---|-------------|-----------------------|-------------------------------------|-----------------|-----------------|-----------------------------------|---------------|---------------|---------------------|-----------------------|
| American Airlines Group, Inc.                         | B+/Stable   | +12                   | +8                                  | +7              | +5              | +4                                | +4            | +3            | +1                  | +3                    |
| British Airways Plc                                   | BBB-/Stable | +6                    | +4                                  | +1              | 0               | +1                                | -1            | -1            | -2                  | 0                     |
| Delta Air Lines, Inc.                                 | BBB-/Stable | +7                    | +5                                  | +1              | -1              | 0                                 | -2            | -1            | 0                   | 0                     |
| Deutsche Lufthansa AG                                 | BBB-/Stable | +6                    | +4                                  | +2              | 0               | 0                                 | -1            | -3            | 0                   | +1                    |
| Ryanair Holdings plc                                  | BBB+/Stable | +4                    | +1                                  | -1              | -1              | -1                                | -1            | -1            | 0                   | 0                     |
| Turk Hava Yollari Anonim Ortakligi (Turkish Airlines) | BB-/Stable  | +1                    | +4                                  | +3              | +2              | +2                                | +2            | +1            | 0                   | +2                    |
| Wizz Air Holdings Plc                                 | BB+/Stable  | +4                    | +3                                  | +1              | +2              | +1                                | +2            | +1            | -1                  | 0                     |

Source: Fitch Ratings.

Factor Score Relative to IDR: Worse positioned than IDR (Red), Within one notch of IDR (Blue), Better positioned than IDR (Light Blue)

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Downgrade

- EBITDAR margin sustained above 15%
- EBITDAR net leverage below 1.5x and EBITDAR leverage below 2.5x, also backed by a financial policy commensurate with these ratios

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Upgrade

- EBITDAR margin falling consistently below 11%
- EBITDAR net leverage above 2.5x and EBITDAR leverage above 3.5x
- EBITDAR fixed charge coverage sustainably below 2.8x
- Weaker than expected business recovery or aggressive external growth materially beyond our current expectations

## Liquidity and Debt Structure

**Ample Liquidity:** As of 30 September 2024, Lufthansa had EUR8 billion of Fitch-adjusted available liquidity, which included EUR1.4 billion of cash and equivalents and EUR6.6 billion of Fitch-adjusted securities. This is complemented by a EUR2.5 billion sustainability-linked revolving credit facility signed in February 2024 for a five-year tenor with two one-year extension options. Available liquidity is sufficient to cover short-term debt repayment and Fitch-expected moderately negative free cash flow. Lufthansa has a prudent liquidity policy that aims to maintain between EUR8 billion to EUR10 billion of liquidity.

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#).

Climate.VS can range from 0 (lowest risk) to 100 (highest risk). For further information on how Fitch perceives climate-related risks in the Transportation sector see our [Transportation–Climate Vulnerability Signals Update](#) report.

The FY23 revenue-weighted Climate Vulnerability Signals (Climate.VS) for Lufthansa for 2035 is 45 out of 100, suggesting elevated exposure to climate-related risks in that year. This is in line with other airlines, and reflects the gradually growing costs linked to the decarbonisation of the sector. At the moment, climate transition risks do not have a material influence on airline ratings including Lufthansa’s, because the potentially disruptive changes due to transition are unlikely to materialise in the next eight to 10 years. Incremental costs such as carbon offsetting (EU Emissions Trading System) and Sustainable Aviation Fuel (SAF) usage are applicable to Lufthansa’s peer group as well, and are included in our forecasts.

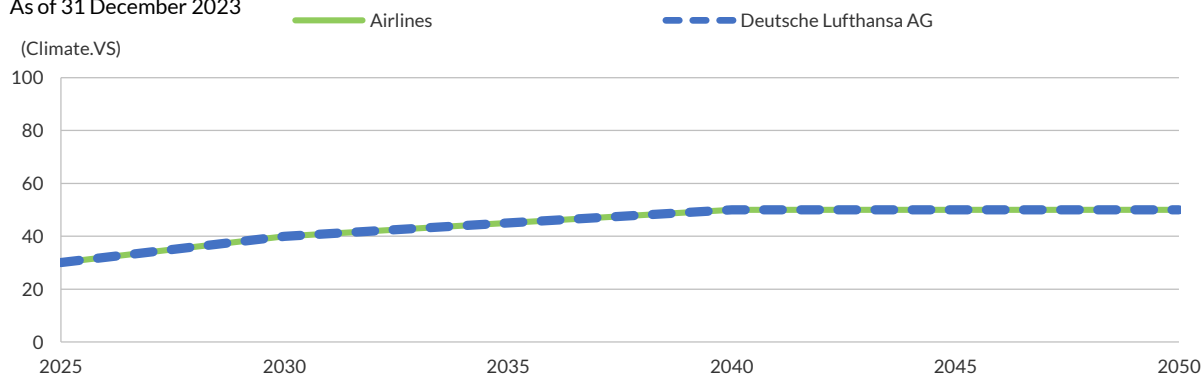
Lufthansa has committed to halve its net carbon emission by 2030 compared to 2019 and achieving a neutral CO<sub>2</sub> balance by 2050. Lufthansa aims to reach its 2030 target thanks to a mix of carbon reduction (through fleet renewal, SAF and operational efficiency totalling about one-third of this target) and compensation (Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and voluntary compensation, together contributing two-thirds).

Lufthansa is gradually increasing its share of Sustainable Aviation Fuel (SAF) in its fuel mix in accordance with the EU regulation. Additionally, the company works with partners to develop the SAF availability and develops commercial agreement to ensure the supply on the long-term.

We view the company’s 2030 target as achievable, although subject to aircraft deliveries remaining on target over this period and CORSIA implementation. Lufthansa’s 2050 target achievement will depend upon alternate propulsion technologies which are still under development.

**Climate.VS Evolution**

As of 31 December 2023



Source: Fitch Ratings

## Liquidity and Debt Maturities

| (EURm)  | 2024F         | 2025F         | 2026F         |
|---|---------------|---------------|---------------|
| <b>Available liquidity</b>                          |               |               |               |
| Beginning cash balance                              | 7,225         | 7,143         | 5,093         |
| Rating case FCF after acquisitions and divestitures | -82           | -700          | -1,272        |
| Debt issued since last balance sheet                | 1,750         | —             | —             |
| <b>Total available liquidity (A)</b>                | <b>8,893</b>  | <b>6,443</b>  | <b>3,821</b>  |
| <b>Liquidity uses</b>                               |               |               |               |
| Debt maturities                                     | -1,750        | -1,350        | -1,500        |
| <b>Total liquidity uses (B)</b>                     | <b>-1,750</b> | <b>-1,350</b> | <b>-1,500</b> |
| <b>Liquidity calculation</b>                        |               |               |               |
| Ending cash balance (A+B)                           | 7,143         | 5,093         | 2,321         |
| Revolver availability                               | 2,500         | 2,500         | 2,500         |
| <b>Ending liquidity</b>                             | <b>9,643</b>  | <b>7,593</b>  | <b>4,821</b>  |
| Liquidity score (x)                                 | 5.5           | 6.6           | 4.2           |

F – Forecast.

Source: Fitch Ratings, Fitch Solutions, Deutsche Lufthansa AG

| (EURm)       | End 2023      |
|--------------|---------------|
| 2024         | -1,750        |
| 2025         | -1,350        |
| 2026         | -1,500        |
| Thereafter   | -3,020        |
| <b>Total</b> | <b>-7,620</b> |

Source: Fitch Ratings, Fitch Solutions, Deutsche Lufthansa AG

## Key Assumptions

- Annual group network and Eurowings capacity down 8% in 2024 compared with 2019 (2023: -16% versus 2019), close to full recovery in 2025 and above 4% in 2026
- Load factor on average at 83% for 2024–2026
- Oil price of USD85/bbl in 2024–2026
- Cargo EBITDA increasing sequentially from 2023 with mid-teens EBITDAR margins
- MRO (Technik) EBITDAR stronger than historically, growing to around EUR1 billion by 2025
- Capex totalling about EUR11 billion during 2024–2026, or EUR3.6 billion on average a year
- Acquisition of 41% of ITA for EUR325 million by the beginning of 2025, without a further stake increase until 2027
- Dividends pay out of 25% of net income for a total of EUR0.9 billion for 2024–2026
- EUR0.5 billion of hybrid debt with 50% equity credit remaining in place

## Financial Data

| (EURm)  | 2019   | 2022   | 2023   | 2024F  | 2025F  | 2026F  |
|---|--------|--------|--------|--------|--------|--------|
| <b>Summary income statement</b>                                       |        |        |        |        |        |        |
| Gross revenue   | 36,424 | 32,770 | 35,442 | 39,478 | 42,004 | 43,770 |
| Revenue growth (%)  | 1.6    | 94.9   | 8.2    | 11.4   | 6.4    | 4.2    |
| EBITDA before income from associates                                  | 3,143  | 2,426  | 3,723  | 2,540  | 2,979  | 3,395  |
| EBITDA margin (%)   | 8.6    | 7.4    | 10.5   | 6.4    | 7.1    | 7.8    |
| EBITDA after associates and minorities                                | 3,353  | 2,488  | 3,805  | 2,622  | 3,061  | 3,477  |
| EBITDAR   | 4,381  | 3,509  | 4,644  | 3,703  | 4,298  | 4,790  |
| EBITDAR margin (%)  | 12.0   | 10.7   | 13.1   | 9.4    | 10.2   | 10.9   |
| EBIT  | 1,494  | 1,016  | 2,252  | 890    | 1,365  | 1,470  |
| EBIT margin (%)   | 4.1    | 3.1    | 6.4    | 2.3    | 3.2    | 3.4    |
| Gross interest expense  | -199   | -272   | -398   | -311   | -317   | -332   |
| Pretax income including associate income/loss                         | 1,860  | 1,050  | 2,317  | 950    | 1,409  | 1,503  |
| <b>Summary balance sheet</b>  |        |        |        |        |        |        |
| Readily available cash and equivalents                                | 3,188  | 8,070  | 7,501  | 7,143  | 6,793  | 6,320  |
| Debt  | 3,387  | 8,113  | 7,373  | 7,373  | 7,723  | 8,523  |
| Net debt  | 199    | 43     | -128   | 230    | 930    | 2,203  |
| Lease-adjusted debt   | 9,825  | 14,964 | 13,743 | 14,151 | 15,323 | 16,557 |
| <b>Summary cash flow statement</b>                                    |        |        |        |        |        |        |
| EBITDA  | 3,143  | 2,426  | 3,723  | 2,540  | 2,979  | 3,395  |
| Cash interest paid  | 17     | -163   | -305   | -311   | -317   | -332   |
| Cash tax  | -1,009 | -288   | -92    | -223   | -330   | -352   |
| Dividends received less dividends paid to minorities (inflow/outflow) | 210    | 62     | 82     | 82     | 82     | 82     |
| Other items before FFO  | 168    | 253    | -89    | -461   | 349    | 263    |
| FFO   | 2,599  | 2,327  | 3,485  | 1,794  | 2,904  | 3,175  |
| FFO margin (%)  | 7.1    | 7.1    | 9.8    | 4.5    | 6.9    | 7.3    |
| Change in working capital   | 490    | 1,633  | 231    | 733    | 552    | 536    |
| CFO (Fitch-defined)   | 3,089  | 3,960  | 3,716  | 2,526  | 3,456  | 3,712  |
| Total non-operating/nonrecurring cash flow                            | -      | -      | -      | -      | -      | -      |
| Capex   | -3,717 | -2,508 | -4,082 | -      | -      | -      |
| Capital intensity (capex/revenue) (%)                                 | 10.2   | 7.7    | 11.5   | -      | -      | -      |
| Common dividends  | -381   | -      | -      | -      | -      | -      |
| FCF   | -1,009 | 1,452  | -366   | -      | -      | -      |
| FCF margin (%)  | -2.8   | 4.4    | -1.0   | -      | -      | -      |
| Net acquisitions and divestitures                                     | 25     | 108    | -      | -      | -      | -      |
| Other investing and financing cash flow items                         | 518    | -262   | 1,673  | -      | -      | -      |
| Net debt proceeds   | 430    | -1,817 | -1,490 | -      | 350    | 800    |
| Net equity proceeds   | -      | -      | -      | -      | -      | -      |
| Total change in cash  | -36    | -519   | -183   | -82    | -350   | -473   |
| <b>Calculations for forecast publication</b>                          |        |        |        |        |        |        |
| Capex, dividends, acquisitions and other items before FCF             | -4,073 | -2,400 | -4,082 | -2,573 | -4,102 | -4,895 |
| FCF after acquisitions and divestitures                               | -984   | 1,560  | -366   | -47    | -646   | -1,183 |
| FCF margin after net acquisitions (%)                                 | -2.7   | 4.8    | -1.0   | -0.1   | -1.5   | -2.7   |
| <b>Gross leverage ratios (x)</b>                                      |        |        |        |        |        |        |
| EBITDA leverage   | 1.0    | 3.3    | 1.9    | 2.8    | 2.5    | 2.5    |
| EBITDAR leverage  | 2.1    | 4.2    | 2.9    | 3.7    | 3.5    | 3.4    |
| CFO-capex/debt  | -18.5  | 17.9   | -5.0   | -1.6   | -0.7   | -10.5  |

| (EURm)                            | 2019   | 2022    | 2023  | 2024F | 2025F | 2026F |
|-----------------------------------|--------|---------|-------|-------|-------|-------|
| <b>Net leverage ratios (x)</b>    |        |         |       |       |       |       |
| EBITDA net leverage               | 0.1    | 0.0     | -0.0  | 0.1   | 0.3   | 0.6   |
| EBITDAR net leverage              | 1.4    | 1.9     | 1.3   | 1.9   | 1.9   | 2.1   |
| CFO-capex/net debt                | -315.6 | 3,376.7 | 286.2 | -52.5 | -5.5  | -40.7 |
| <b>Coverage ratios (x)</b>        |        |         |       |       |       |       |
| EBITDA interest coverage          | -197.2 | 15.3    | 12.5  | 8.4   | 9.6   | 10.5  |
| EBITDAR fixed-charge coverage     | 3.8    | 2.9     | 3.9   | 2.6   | 2.7   | 2.8   |
| EBITDAR net fixed-charge coverage | 4.0    | 3.0     | 4.5   | 2.9   | 2.9   | 3.0   |

CFO – Cash flow from operations

Source: Fitch Ratings, Fitch Solutions, Deutsche Lufthansa AG

#### How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

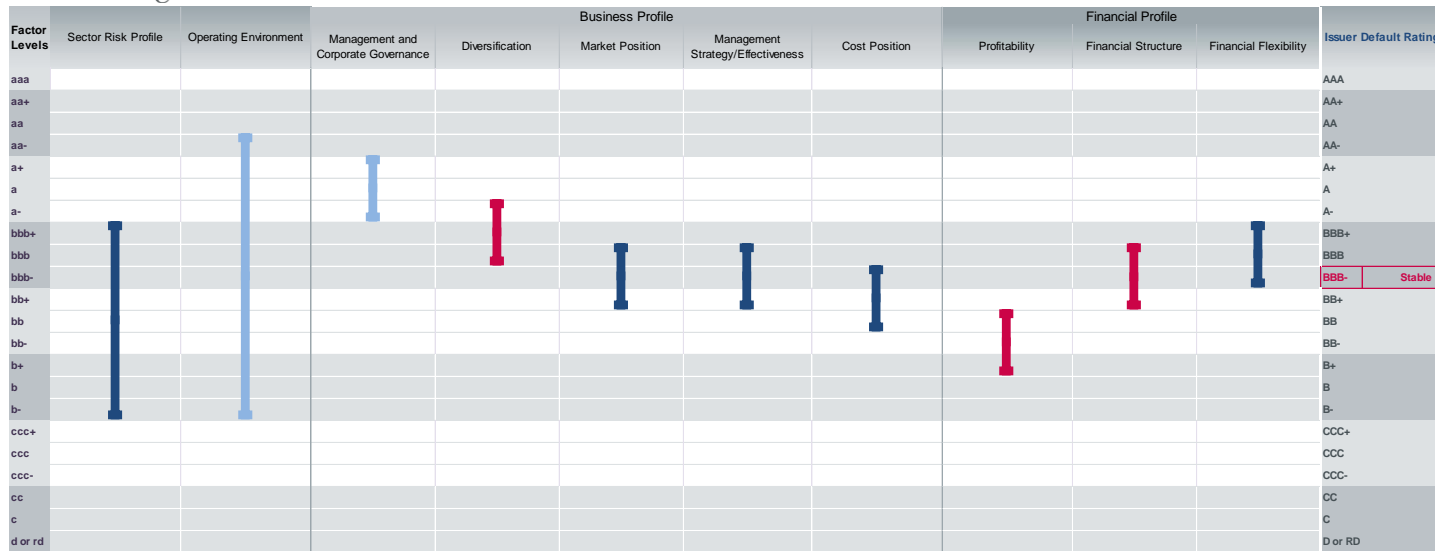
Ratings Navigator

FitchRatings

Deutsche Lufthansa AG

ESG Relevance:

Corporates Ratings Navigator  
Airlines



**Bar Chart Legend:**

|  |  |
|--|--|
| Vertical Bars = Range of Rating Factor   | Bar Arrows = Rating Factor Outlook   |
| Bar Colors = Relative Importance   | <ul style="list-style-type: none"> <li>↑ Positive</li> <li>↓ Negative</li> <li>↕ Evolving</li> <li>□ Stable</li> </ul> |
| <ul style="list-style-type: none"> <li>Higher Importance (Red)</li> <li>Average Importance (Dark Blue)</li> <li>Lower Importance (Light Blue)</li> </ul> |  |



| Operating Environment  |  |        | Management and Corporate Governance  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
|--|--|--------|--|------------------------|-----|---|------|-------------------------------|-----|--|------|-------------------------------|-----|--|------|-----------------------------|-----|--|------|--|-----|--|--|--|--|---|-------------------------|-----|--|-------------|------------------|------------|--|--------|----------|---|--|--------|-----------------|--------|--|-----|--|------------------|----|--------|---|--|--|---------------------|---|--------|---|--|--|--|---|--------|---|--|--|
| aa   | Economic Environment                           | a      | aa-  | Management Strategy    | a   | Coherent strategy and good track record in implementation.  |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| aa-  | Financial Access                               | aa     | a+   | Governance Structure   | a   | Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.                          |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
|  | Systemic Governance                            | aa     | a  | Group Structure        | a   | Group structure shows some complexity but mitigated by transparent reporting.   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| b-   |  |        | a-   | Financial Transparency | a   | High quality and timely financial reporting.  |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| ccc+   |  |        | bbb+   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| <p><b>Diversification</b></p> <table border="1"> <tr> <td>a</td> <td>Network Diversity</td> <td>bbb</td> <td>Extensively diversified domestic and international network. History of successful network enhancement through joint ventures or partnerships.</td> </tr> <tr> <td>a-</td> <td>Hub Structure</td> <td>bbb</td> <td>Strong/rationalized hub structure. Hubs (or bases for point-to-point carriers) are profitable/located in strategic markets.</td> </tr> <tr> <td>bbb+</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bbb</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bbb-</td> <td></td> <td></td> <td></td> </tr> </table>   |  |        | a  | Network Diversity      | bbb | Extensively diversified domestic and international network. History of successful network enhancement through joint ventures or partnerships. | a-   | Hub Structure                 | bbb | Strong/rationalized hub structure. Hubs (or bases for point-to-point carriers) are profitable/located in strategic markets.              | bbb+ |                               |     |  | bbb  |                             |     |  | bbb- |  |     |  | <p><b>Market Position</b></p> <table border="1"> <tr> <td>bbb+</td> <td>Position in Key Markets</td> <td>bbb</td> <td>Strong/leading positions in key, cash flow generative and/or protected markets (reflected in market share and/or PRAASK advantage over peers).</td> </tr> <tr> <td>bbb</td> <td>Cost Leadership</td> <td>bb</td> <td>Low cost carrier leader in some markets.</td> </tr> <tr> <td>bbb-</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bb+</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bb</td> <td></td> <td></td> <td></td> </tr> </table>  |  |  | bbb+  | Position in Key Markets | bbb | Strong/leading positions in key, cash flow generative and/or protected markets (reflected in market share and/or PRAASK advantage over peers). | bbb         | Cost Leadership  | bb         | Low cost carrier leader in some markets.   | bbb-   |          |   |  | bb+    |                 |        |  | bb  |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| a  | Network Diversity                              | bbb    | Extensively diversified domestic and international network. History of successful network enhancement through joint ventures or partnerships.  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| a-   | Hub Structure                                  | bbb    | Strong/rationalized hub structure. Hubs (or bases for point-to-point carriers) are profitable/located in strategic markets.                    |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb+   |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb  |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb-   |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb+   | Position in Key Markets                        | bbb    | Strong/leading positions in key, cash flow generative and/or protected markets (reflected in market share and/or PRAASK advantage over peers). |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb  | Cost Leadership                                | bb     | Low cost carrier leader in some markets.   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb-   |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb+  |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb   |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| <p><b>Management Strategy/Effectiveness</b></p> <table border="1"> <tr> <td>bbb+</td> <td>Fleet Strategy</td> <td>bb</td> <td>Adequate fleet management. Mostly efficient/young aircraft, some obsolete/inefficient models, heavy upcoming deliveries.</td> </tr> <tr> <td>bbb</td> <td>Fuel Hedging</td> <td>bbb</td> <td>Consistently employs effective strategies to mitigate fuel price risk (i.e. hedging, maintaining solid liquidity, fuel-efficient fleet).</td> </tr> <tr> <td>bbb-</td> <td>Growth Strategy</td> <td>bbb</td> <td>Conservative and/or sound growth strategy.</td> </tr> <tr> <td>bb+</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bb</td> <td></td> <td></td> <td></td> </tr> </table>  |  |        | bbb+   | Fleet Strategy         | bb  | Adequate fleet management. Mostly efficient/young aircraft, some obsolete/inefficient models, heavy upcoming deliveries.                      | bbb  | Fuel Hedging                  | bbb | Consistently employs effective strategies to mitigate fuel price risk (i.e. hedging, maintaining solid liquidity, fuel-efficient fleet). | bbb- | Growth Strategy               | bbb | Conservative and/or sound growth strategy. | bb+  |                             |     |  | bb   |  |     |  | <p><b>Cost Position</b></p> <table border="1"> <tr> <td>bbb</td> <td>Cost Structure</td> <td>bb</td> <td>Moderate fixed-cost structure. CASM in line with peers.</td> </tr> <tr> <td>bbb-</td> <td>Cost Flexibility</td> <td>bb</td> <td>Limited ability to quickly reduce costs, or cost flexibility generally in line with peers.</td> </tr> <tr> <td>bb+</td> <td>Pensions</td> <td>b</td> <td>Sizeable/inflexible defined benefit obligations.</td> </tr> <tr> <td>bb</td> <td>Labor Relations</td> <td>bb</td> <td>Unionized and/or inflexible work rules, constructive relationship with labor groups.</td> </tr> <tr> <td>bb-</td> <td></td> <td></td> <td></td> </tr> </table>         |  |  | bbb   | Cost Structure          | bb  | Moderate fixed-cost structure. CASM in line with peers.  | bbb-        | Cost Flexibility | bb         | Limited ability to quickly reduce costs, or cost flexibility generally in line with peers. | bb+    | Pensions | b | Sizeable/inflexible defined benefit obligations. | bb     | Labor Relations | bb     | Unionized and/or inflexible work rules, constructive relationship with labor groups. | bb- |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb+   | Fleet Strategy                                 | bb     | Adequate fleet management. Mostly efficient/young aircraft, some obsolete/inefficient models, heavy upcoming deliveries.                       |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb  | Fuel Hedging                                   | bbb    | Consistently employs effective strategies to mitigate fuel price risk (i.e. hedging, maintaining solid liquidity, fuel-efficient fleet).       |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb-   | Growth Strategy                                | bbb    | Conservative and/or sound growth strategy.   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb+  |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb   |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb  | Cost Structure                                 | bb     | Moderate fixed-cost structure. CASM in line with peers.  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
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| bb+  | Pensions                                       | b      | Sizeable/inflexible defined benefit obligations.   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb   | Labor Relations                                | bb     | Unionized and/or inflexible work rules, constructive relationship with labor groups.   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb-  |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| <p><b>Profitability</b></p> <table border="1"> <tr> <td>bb+</td> <td>EBITDAR Margin</td> <td>b</td> <td>10%</td> </tr> <tr> <td>bb</td> <td>EBIT Margin</td> <td>b</td> <td>7%</td> </tr> <tr> <td>bb-</td> <td>FCF Margin</td> <td>bbb</td> <td>Positive across the cycle.</td> </tr> <tr> <td>b+</td> <td>Volatility of Profitability</td> <td>bbb</td> <td>Volatility of profits in line with industry average.</td> </tr> <tr> <td>b</td> <td></td> <td></td> <td></td> </tr> </table>   |  |        | bb+  | EBITDAR Margin         | b   | 10%   | bb   | EBIT Margin                   | b   | 7%   | bb-  | FCF Margin                    | bbb | Positive across the cycle.                 | b+   | Volatility of Profitability | bbb | Volatility of profits in line with industry average.   | b    |  |     |  | <p><b>Financial Structure</b></p> <table border="1"> <tr> <td>bbb+</td> <td>EBITDAR Leverage</td> <td>bbb</td> <td>2.3x</td> </tr> <tr> <td>bbb</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bbb-</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bb+</td> <td></td> <td></td> <td></td> </tr> <tr> <td>bb</td> <td></td> <td></td> <td></td> </tr> </table>  |  |  | bbb+  | EBITDAR Leverage        | bbb | 2.3x   | bbb         |                  |            |  | bbb-   |          |   |  | bb+    |                 |        |  | bb  |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb+  | EBITDAR Margin                                 | b      | 10%  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb   | EBIT Margin                                    | b      | 7%   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb-  | FCF Margin                                     | bbb    | Positive across the cycle.   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| b+   | Volatility of Profitability                    | bbb    | Volatility of profits in line with industry average.   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| b  |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb+   | EBITDAR Leverage                               | bbb    | 2.3x   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb  |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb-   |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb+  |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb   |  |        |  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| <p><b>Financial Flexibility</b></p> <table border="1"> <tr> <td>a-</td> <td>Financial Discipline</td> <td>a</td> <td>Clear commitment to maintain a conservative policy with only modest deviations allowed.</td> </tr> <tr> <td>bbb+</td> <td>Liquidity as % of LTM Revenue</td> <td>bbb</td> <td>20%</td> </tr> <tr> <td>bbb</td> <td>EBITDAR Fixed Charge Coverage</td> <td>bb</td> <td>3.0x</td> </tr> <tr> <td>bbb-</td> <td>FX Exposure</td> <td>bb</td> <td>FX exposure on profitability and/or debt/cash flow match. Some hedging in place but only partly effective.</td> </tr> <tr> <td>bb+</td> <td>Capital Market Access; Unencumbered Asset Base</td> <td>bbb</td> <td>Demonstrated access to capital markets and/or sizable unencumbered asset base.</td> </tr> </table> |  |        | a-   | Financial Discipline   | a   | Clear commitment to maintain a conservative policy with only modest deviations allowed.   | bbb+ | Liquidity as % of LTM Revenue | bbb | 20%  | bbb  | EBITDAR Fixed Charge Coverage | bb  | 3.0x                                       | bbb- | FX Exposure                 | bb  | FX exposure on profitability and/or debt/cash flow match. Some hedging in place but only partly effective. | bb+  | Capital Market Access; Unencumbered Asset Base | bbb | Demonstrated access to capital markets and/or sizable unencumbered asset base. | <p><b>Credit-Relevant ESG Derivation</b></p> <table border="1"> <tr> <td colspan="4">Deutsche Lufthansa AG has 10 ESG potential rating drivers</td> <td colspan="2">Overall ESG</td> </tr> <tr> <td>key driver</td> <td>0</td> <td>issues</td> <td>5</td> <td></td> <td></td> </tr> <tr> <td>driver</td> <td>0</td> <td>issues</td> <td>4</td> <td></td> <td></td> </tr> <tr> <td>potential driver</td> <td>10</td> <td>issues</td> <td>3</td> <td></td> <td></td> </tr> <tr> <td>not a rating driver</td> <td>0</td> <td>issues</td> <td>2</td> <td></td> <td></td> </tr> <tr> <td></td> <td>4</td> <td>issues</td> <td>1</td> <td></td> <td></td> </tr> </table> <p>Showing top 6 issues</p> |  |  | Deutsche Lufthansa AG has 10 ESG potential rating drivers |                         |     |  | Overall ESG |                  | key driver | 0  | issues | 5        |   |  | driver | 0               | issues | 4  |     |  | potential driver | 10 | issues | 3 |  |  | not a rating driver | 0 | issues | 2 |  |  |  | 4 | issues | 1 |  |  |
| a-   | Financial Discipline                           | a      | Clear commitment to maintain a conservative policy with only modest deviations allowed.  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb+   | Liquidity as % of LTM Revenue                  | bbb    | 20%  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb  | EBITDAR Fixed Charge Coverage                  | bb     | 3.0x   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bbb-   | FX Exposure                                    | bb     | FX exposure on profitability and/or debt/cash flow match. Some hedging in place but only partly effective.                                     |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| bb+  | Capital Market Access; Unencumbered Asset Base | bbb    | Demonstrated access to capital markets and/or sizable unencumbered asset base.   |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| Deutsche Lufthansa AG has 10 ESG potential rating drivers  |  |        |  | Overall ESG            |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| key driver   | 0  | issues | 5  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| driver   | 0  | issues | 4  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| potential driver   | 10   | issues | 3  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
| not a rating driver  | 0  | issues | 2  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |
|  | 4  | issues | 1  |                        |     |   |      |                               |     |  |      |                               |     |  |      |                             |     |  |      |  |     |  |  |  |  |   |                         |     |  |             |                  |            |  |        |          |   |  |        |                 |        |  |     |  |                  |    |        |   |  |  |                     |   |        |   |  |  |  |   |        |   |  |  |

**How to Read This Page:** The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

Deutsche Lufthansa AG has 10 ESG potential rating drivers

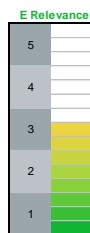
- ➔ Deutsche Lufthansa AG has exposure to emissions regulatory risk but this has very low impact on the rating.
- ➔ Deutsche Lufthansa AG has exposure to energy productivity risk but this has very low impact on the rating.
- ➔ Deutsche Lufthansa AG has exposure to extreme weather events but this has very low impact on the rating.
- ➔ Deutsche Lufthansa AG has exposure to customer accountability risk but this has very low impact on the rating.
- ➔ Deutsche Lufthansa AG has exposure to labor relations & practices risk but this has very low impact on the rating.
- ➔ Deutsche Lufthansa AG has exposure to employee health & safety risk but this has very low impact on the rating.

Show top 6 issues

|                     |    |        | ESG Relevance to Credit Rating |
|---------------------|----|--------|--------------------------------|
| key driver          | 0  | issues | 5                              |
| driver              | 0  | issues | 4                              |
| potential driver    | 10 | issues | 3                              |
| not a rating driver | 0  | issues | 2                              |
|                     | 4  | issues | 1                              |

Environmental (E) Relevance Scores

| General Issues   | E Score | Sector-Specific Issues  | Reference   |
|--|---------|---|---|
| GHG Emissions & Air Quality                                | 3       | Emissions and noise pollution   | Management Strategy/Effectiveness   |
| Energy Management  | 3       | Fuel use in operations  | Management Strategy/Effectiveness; Cost Structure; Profitability; Financial Flexibility |
| Water & Wastewater Management                              | 1       | n.a.  | n.a.  |
| Waste & Hazardous Materials Management; Ecological Impacts | 1       | n.a.  | n.a.  |
| Exposure to Environmental Impacts                          | 3       | Extreme weather conditions (e.g. hurricanes, volcanoes) on operations | Financial Flexibility   |



How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

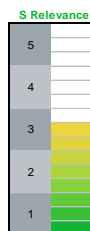
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

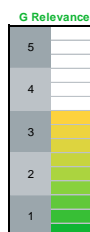
Social (S) Relevance Scores

| General Issues   | S Score | Sector-Specific Issues   | Reference  |
|--|---------|--|--|
| Human Rights, Community Relations, Access & Affordability  | 1       | n.a.   | n.a.   |
| Customer Welfare - Fair Messaging, Privacy & Data Security | 3       | Data security; safety regulations  | Management Strategy/Effectiveness; Market Position; Profitability; Financial Flexibility |
| Labor Relations & Practices                                | 3       | Impact of labor negotiations and employee (dis)satisfaction; workforce diversity | Management and Corporate Governance; Cost Structure; Profitability; Financial Structure  |
| Employee Wellbeing   | 3       | Worker safety and accident prevention; prescriptive working conditions           | Management and Corporate Governance; Cost Structure; Profitability; Financial Structure  |
| Exposure to Social Impacts                                 | 1       | n.a.   | n.a.   |



Governance (G) Relevance Scores

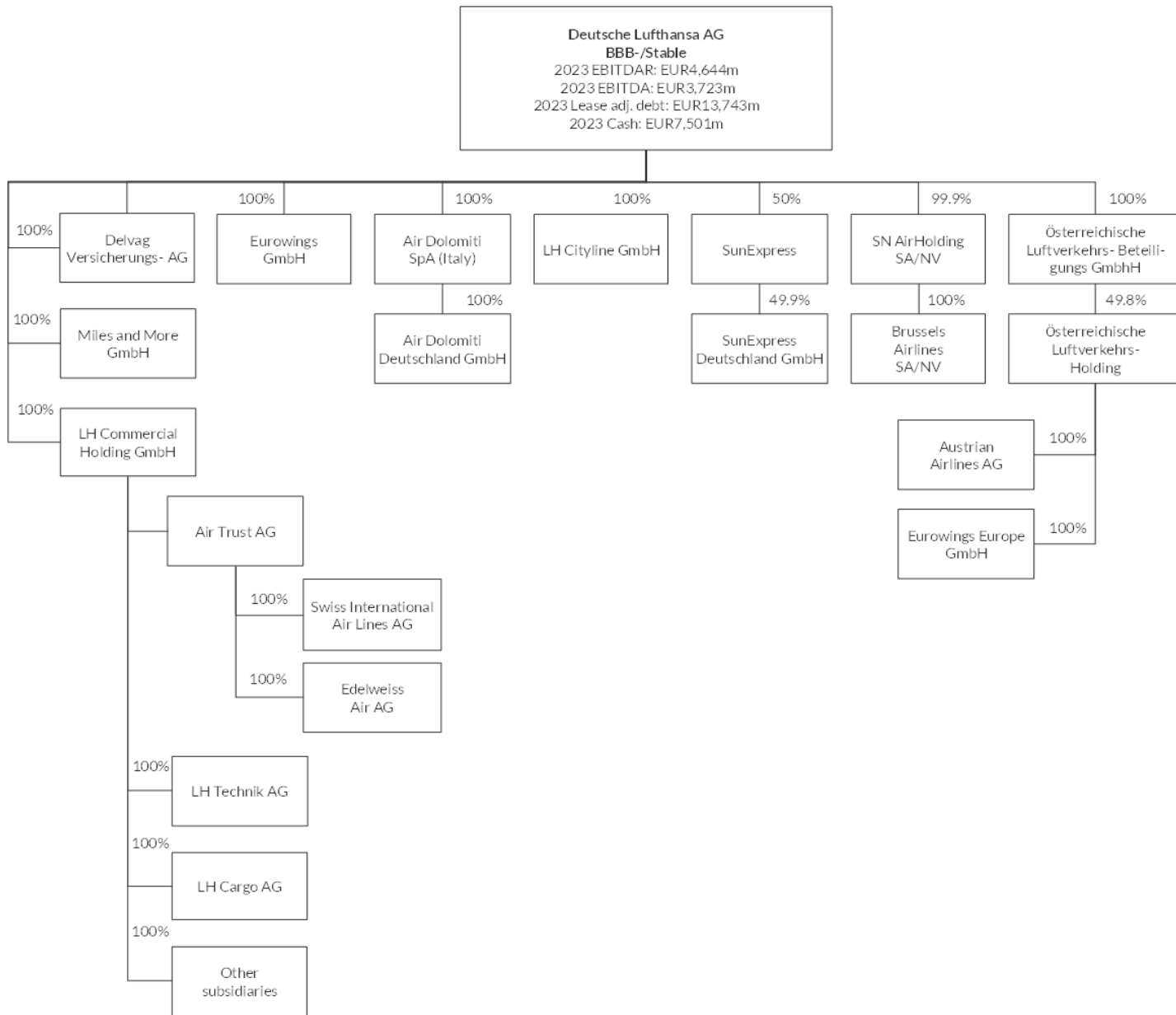
| General Issues         | G Score | Sector-Specific Issues  | Reference                           |
|------------------------|---------|---|-------------------------------------|
| Management Strategy    | 3       | Strategy development and implementation                       | Management and Corporate Governance |
| Governance Structure   | 3       | Board independence and effectiveness; ownership concentration | Management and Corporate Governance |
| Group Structure        | 3       | Complexity, transparency and related-party transactions       | Management and Corporate Governance |
| Financial Transparency | 3       | Quality and timing of financial disclosure                    | Management and Corporate Governance |



CREDIT-RELEVANT ESG SCALE

| How relevant are E, S and G issues to the overall credit rating? |   |
|--|---|
| 5  | Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.                         |
| 4  | Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.                 |
| 3  | Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator. |
| 2  | Irrelevant to the entity rating but relevant to the sector.   |
| 1  | Irrelevant to the entity rating and irrelevant to the sector.   |

**Simplified Group Structure Diagram**



Note: Group structure is related to December 2024. Data are Fitch-adjusted and related to end-2023  
Source: Fitch Ratings, Fitch Solutions, Deutsche Lufthansa AG

## Peer Financial Summary

| Company   | Issuer Default Rating | Financial statement date | EBITDAR (EUR Millions) | EBITDAR margin (%) | FCF margin (%) | EBITDAR leverage (x) | EBITDAR net leverage (x) |
|---|-----------------------|--------------------------|------------------------|--------------------|----------------|----------------------|--------------------------|
| Deutsche Lufthansa AG                                 | BBB-                  |                          |                        |                    |                |                      |                          |
|   | BBB-                  | 2023                     | 4,644.0                | 13                 | -1             | 2.9                  | 1.3                      |
|   |                       | 2022                     | 3,509.0                | 11                 | 5              | 4.2                  | 1.9                      |
|   |                       | 2019                     | 4,381.0                | 12                 | -3             | 2.1                  | 1.4                      |
| British Airways Plc                                   | BBB-                  |                          |                        |                    |                |                      |                          |
|   | BBB-                  | 2023                     | 2,829.0                | 17                 | -1             | 3.4                  | 3.0                      |
|   | BB                    | 2022                     | 1,590.8                | 13                 | -1             | 7.4                  | 5.6                      |
|   | BBB-                  | 2019                     | 3,535.6                | 23                 | -2             | 2.1                  | 1.2                      |
| Turk Hava Yollari Anonim Ortakligi (Turkish Airlines) | BB-                   |                          |                        |                    |                |                      |                          |
|   | B+                    | 2023                     | 4,628.5                | 24                 | 14             | 2.8                  | 1.7                      |
|   | B                     | 2022                     | 4,440.3                | 26                 | 20             | 3.0                  | 2.0                      |
|   |                       | 2019                     | 2,133.7                | 18                 | -3             | 5.4                  | 4.5                      |
| Ryanair Holdings plc                                  | BBB+                  |                          |                        |                    |                |                      |                          |
|   | BBB                   | 2023                     | 2,365.8                | 22                 | 19             | 1.7                  | -0.2                     |
|   | BBB                   | 2022                     | 379.8                  | 8                  | 17             | 13.4                 | 3.9                      |
|   | BBB+                  | 2019                     | 1,741.2                | 23                 | 6              | 2.4                  | 0.6                      |
| Wizz Air Holdings Plc                                 | BB+                   |                          |                        |                    |                |                      |                          |
|   | BBB-                  | 2023                     | 134.2                  | 3                  | -8             | 39.6                 | 28.3                     |
|   | BBB-                  | 2022                     | -19.0                  | -1                 | -24            | -209.1               | -143.6                   |
|   | BBB                   | 2019                     | 720.0                  | 31                 | 12             | 3.2                  | 1.4                      |
| Delta Air Lines, Inc.                                 | BBB-                  |                          |                        |                    |                |                      |                          |
|   | BB+                   | 2023                     | 8,812.5                | 17                 | 2              | 3.0                  | 2.6                      |
|   | BB+                   | 2022                     | 6,208.5                | 13                 | -0             | 5.0                  | 4.1                      |
|   | BBB-                  | 2019                     | 9,102.7                | 22                 | 5              | 1.7                  | 1.4                      |
| American Airlines Group Inc.                          | B+                    |                          |                        |                    |                |                      |                          |
|   | B+                    | 2023                     | 7,653.3                | 16                 | 2              | 4.9                  | 4.1                      |
|   | B-                    | 2022                     | 5,796.9                | 13                 | -1             | 7.1                  | 5.9                      |
|   | BB-                   | 2019                     | 7,243.2                | 18                 | -2             | 4.1                  | 3.7                      |

Source: Fitch Ratings, Fitch Solutions

## Fitch Adjusted Financials

| (EURm as of end-2023)  | Standardised values | Cash adjustment | Lease treatment | Other adjustments | Adjusted values |
|--|---------------------|-----------------|-----------------|-------------------|-----------------|
| <b>Income statement summary</b>                                      |                     |                 |                 |                   |                 |
| Revenue  | 35,442              | –               | –               | –                 | 35,442          |
| EBITDAR  | 4,848               | –               | -204            | –                 | 4,644           |
| Lease expense for capitalised leased assets                          | –                   | –               | -921            | –                 | -921            |
| EBITDA   | 4,848               | –               | -1,125          | –                 | 3,723           |
| Depreciation and amortisation  | -2,392              | –               | 921             | –                 | -1,471          |
| EBIT   | 2,456               | –               | -204            | –                 | 2,252           |
| <b>Balance sheet summary</b>   |                     |                 |                 |                   |                 |
| Debt   | 13,696              | –               | -6,323          | –                 | 7,373           |
| Of which other off-balance-sheet debt                                | –                   | –               | –               | –                 | –               |
| Lease-equivalent debt  | –                   | –               | 6,370           | –                 | 6,370           |
| Lease-adjusted debt  | 13,696              | –               | 47              | –                 | 13,743          |
| Readily available cash and equivalents                               | 8,266               | -4              | -761            | -0                | 7,501           |
| Not readily available cash and equivalents                           | –                   | –               | –               | –                 | –               |
| <b>Cash flow summary</b>   |                     |                 |                 |                   |                 |
| EBITDA   | 4,848               | –               | -1,125          | –                 | 3,723           |
| Dividends received from associates less dividends paid to minorities | 82                  | –               | –               | –                 | 82              |
| Interest paid  | -509                | –               | 204             | –                 | -305            |
| Interest received  | 166                 | –               | –               | –                 | 166             |
| Preferred dividends paid   | –                   | –               | –               | –                 | –               |
| Cash tax paid  | -92                 | –               | –               | –                 | -92             |
| Other items before FFO   | -89                 | –               | –               | –                 | -89             |
| FFO  | 4,406               | –               | -921            | –                 | 3,485           |
| Change in working capital  | 278                 | –               | –               | -47               | 231             |
| CFO  | 4,684               | –               | -921            | -47               | 3,716           |
| Non-operating/nonrecurring cash flow                                 | –                   | –               | –               | –                 | –               |
| Capex  | -4,082              | –               | –               | –                 | -4,082          |
| Common dividends paid  | –                   | –               | –               | –                 | –               |
| FCF  | 602                 | –               | -921            | -47               | -366            |
| <b>Gross leverage (x)</b>  |                     |                 |                 |                   |                 |
| EBITDAR leverage   | 2.8                 | –               | –               | –                 | 2.9             |
| (CFO-capex)/debt (%)   | 4.4                 | –               | –               | –                 | -5.0            |
| <b>Net leverage (x)</b>  |                     |                 |                 |                   |                 |
| EBITDAR net leverage   | 1.1                 | –               | –               | –                 | 1.3             |
| (CFO-capex)/net debt (%)   | 11.1                | –               | –               | –                 | 286.2           |
| <b>Coverage (x)</b>  |                     |                 |                 |                   |                 |
| EBITDAR fixed-charge coverage  | 9.7                 | –               | –               | –                 | 3.9             |

CFO – Cash flow from operations

Notes: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.

Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes other off-balance-sheet debt.

Source: Fitch Ratings, Fitch Solutions, Deutsche Lufthansa AG

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