S&P Global Ratings

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Deutsche Lufthansa AG

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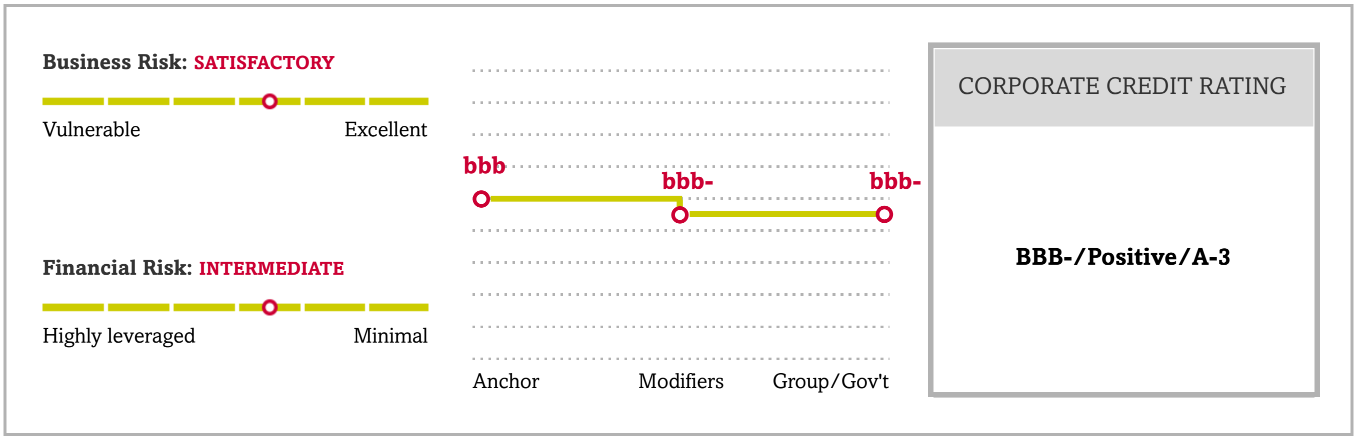

Rationale

Business Risk: Satisfactory	Financial Risk: Intermediate
• Lufthansa's dominant market shares at its Frankfurt, Munich, Zurich, and Vienna hubs. • Diversity of operations outside the passenger airline business, offering more stability than if the company were solely an airline. • One of the world's largest route networks and balanced exposure to high-yielding, premium, and long-haul traffic across its route portfolio. • Exposure to the high-risk airline industry. • Higher cost base than some peers.	• Solid financial performance and S&P Global Ratings-adjusted ratio of adjusted funds from operations (FFO) to debt that improved to nearly 40% in 2017 (from 24% a year earlier) and enhanced Lufthansa's financial flexibility to weather the next potential industry downturn. • Sizable (albeit most recently structurally reduced) and volatile pension obligations that can lead to material differences in financial ratios if key assumptions about pensions change. • Track record of credit-supportive actions by Lufthansa to offset pension volatility, including stopping dividend payments, adjusting capital expenditures (capex), and issuing hybrid capital.

Outlook: Positive

The positive outlook reflects a one-in-three likelihood that we could upgrade Lufthansa over the next 12 months.

Upside scenario

We could raise the rating if we considered that the company would largely maintain its solid EBITDA performance and free operating cash flow (FOCF) generation, and its reduced adjusted debt position over a business cycle, such that adjusted FFO to debt remains in excess of 30%. Furthermore, we would need to be convinced that management's financial policy does not allow for significant increases in financial leverage compared with current levels and our base-case forecast (under normal operating/financial conditions), which means that the company will not embark on any significant debt-financed external expansion and that shareholder remuneration will remain prudent.

Downside scenario

We would revise the outlook to stable if Lufthansa's earnings weakened, due to, for example, lower growth in passenger volumes than we anticipate; a fall in ticket fares; or a larger surge in fuel prices than we factor into our base case that Lufthansa was unable to pass on to its customers via fares or counterbalance by a sustained reduction of unit costs, such that the ratio of adjusted FFO to debt deteriorated to less than 30%, with limited prospects of improvement. An outlook revision to stable would also be likely, if we noted any deviations in terms of financial policy that would prevent credit measures remaining consistent with a higher rating.

Our Base-Case Scenario

We anticipate that air travel growth will broadly track GDP forecasts, including GDP growth in the eurozone of 2.3% in 2018 and 1.9% in 2019 (compared with 2.5% in 2017) (see "The Eurozone Has Reached Cruising Altitude," published March 28, 2018, on RatingsDirect).

Assumptions

- Lufthansa's capacity, measured as available seat kilometers (ASK) to increase by 9.5% in 2018 and about 5% in 2019.
- Ticket sales, as measured by revenue per passenger kilometers, to increase marginally below capacity growth in 2018. In 2019, new capacity will be fully sold.
- Flat average yield to continue in 2018. Yield pressure to step up in 2019 and a drop in ticket prices of 3%-4% because of lower oil prices.
- Oil prices to increase to $65 per barrel (/bbl) in the remainder of 2018 started May 7, 2018 (followed by a drop to $60/bbl in 2019), from around $54/bbl in 2017 (see "S&P Global Ratings Raises 2018 Brent And WTI Oil Price Assumptions And 2019 Brent Price Assumptions," published May 7, 2018).
- Nonfuel unit cost per ASK (C/ASK) to shrink by 1%-2% in 2018 and in 2019 (similar to the underlying and currency-adjusted C/ASK decline in 2017).
- Capex of €3.4 billion in 2018 and €3.0 billion in 2019, mainly for its fleet renewal program, which will be paid from operating cash flows.

Key Metrics

	2017a	2018f	2019f
Adjusted EBITDA (bil. €)	5.15	4.8-4.9	4.8-4.9
Return on capital (%)	15.8	13-14	12-13
FFO to debt (%)	39.6	38-40	38-40
Debt to EBITDA (x)	1.7	1.8-1.9	1.8-1.9

Fully S&P Global Ratings adjusted. Key adjustments for 2017 include adding about €3.2 billion of operating leases and about €3.1 billion pension obligations to debt, and netting off approximately €3.8 billion in surplus cash. Major adjustments to EBITDA include €451 million added due to operating leases and €548 million deducted due to pension obligations. a--Actual. f--Forecast. FFO--Funds from operations.

Business Risk: Satisfactory

Lufthansa enjoys an excellent competitive position, in our opinion, based on its strong market positions, the diversity in its operations, and its good exposure to high-yield premium traffic. Our view is somewhat tempered by the fundamental characteristics of the airline industry, such as Lufthansa's susceptibility to European and global economic cycles, oil price fluctuations, high capital intensity, and unforeseen events, including global terrorism and disease outbreaks.

Lufthansa is one of the largest global network carriers and one of two leading airline groups in Europe. It also has a leading domestic market position in Germany, and its regional brands are well established. Furthermore, Lufthansa maintains its dominant market shares at its Frankfurt, Munich, Zurich, and Vienna hubs, notwithstanding fierce competition, while its wealthy catchment area (Germany and Switzerland, in particular) generates solid demand for travel. The company also offers one of the world's largest route networks and has balanced exposure to high-yielding, premium, and long-haul traffic across its route portfolio.

Lufthansa's good geographic diversification reduces its dependency on local economies and forms a buffer against localized event risks, in our opinion. Furthermore, the airline's leading market position in the aircraft maintenance, repair, and overhaul (MRO) and catering businesses adds stability to group earnings through the lower and different-stage cyclicality of these operations. Lufthansa's cost position is a competitive disadvantage, however, that could lead to changes in our analysis if the company's positive trend in lowering its unit cost were interrupted.

Lufthansa carried around 130 million passengers in 2017 and was the fourth-largest airline in the world by passengers carried. Lufthansa has a fleet of 728 aircraft and operates out of its main hubs in Frankfurt, Munich, Zurich, and Vienna under the brands of Lufthansa German Airlines, SWISS, and Austrian Airlines. Besides these network airlines, the passenger business encompasses the point-to-point airlines within the Eurowings Group. Typically, Lufthansa generates 75%-80% of its EBIT from its passenger airline business (and cargo shipping), while nonpassenger business segments, such as MRO and catering, account for the remaining 20%-25%.

Our Base-Case Operating Scenario

- Worldwide economic growth to remain vital to the airline industry. Air travel growth broadly tracks GDP forecasts. Given the global nature of airline sector demand, we consider the GDP growth of all major contributors to passenger volumes, including GDP growth in the eurozone of 2.3% in 2018 and 1.9% in 2019 (compared with 2.5% in 2017). We expect GDP growth for Germany--Lufthansa's largest market in terms of traffic revenue--will hold up fairly well at 2.4% in 2018, versus 2.5% in 2017, on the back of its modern, highly diversified, and competitive economy, and its demonstrated ability to absorb large economic and financial shocks. We expect U.S. GDP growth of 2.8% this year and 2.2% in 2019, against 2.3% in 2017, on continued job gains, wage inflation, and a relatively healthy economy. Furthermore, we forecast GDP growth in China of 6.5% in 2018 and 6.3% in 2019 (compared with 6.9% in 2017) and largely flat GDP in Asia-Pacific of 5.6% in 2018 and 5.6% in 2019, compared with about 5.5% in 2017.
- Lufthansa's capacity, measured as ASK to increase by 9.5% in 2018 and about 5% in 2019. Our 2018 forecast is aligned with management's guidance indicating 7% organic and 2.5% external growth from the consolidation of the asset deal with Air Berlin. The main organic capacity growth driver will be more seats per aircraft, helped by upgrading seats on the short-haul fleet, the introduction of new aircraft with more seats than the planes they replaced, and longer flight distances.
- Ticket sales, as measured by revenues per passenger kilometers, to increase marginally below capacity growth in 2018, resulting in a slightly lower load factor. In 2019, we forecast that new capacity will be fully sold. In general, we believe that Lufthansa will focus on selling new capacity and filling seats, even at the expense of average ticket prices.
- Profit and loss statement to take a hit from increased fuel prices. We forecast oil prices will increase to $65 per barrel (/bbl) in the remainder of 2018 started May 7, 2018 (followed by a drop to $60/bbl in 2019), from around $54/bbl in 2017. This and our expectation of higher fuel consumption, due to external fleet growth, will offset the increasingly more fuel-efficient fleet and raise Lufthansa's fuel bill by around €800 million this year (this is the main driver of the drop in EBITDA below last year's level, as per our base case). In 2019, we forecast fuel costs dropping by around €500 million based on lower oil price.
- Flat average yield to continue in 2018. Rising fuel prices and the consolidation of the European airline industry, with the related capacity withdrawals, are likely to support stable air fares, counterbalancing the strain on pricing from competition. That said, we forecast yield pressure to step up in 2019 and a drop in ticket prices of 3%-4% because of lower oil prices.

- Nonfuel unit C/ASK to shrink by 1%-2% in 2018 and in 2019 (similar to the underlying and currency-adjusted C/ASK decline in 2017) underpinned by, among other factors, the benefits of Lufthansa's reorganization program and labor agreements with pilots and cabin crews; the modernization and harmonization of its aircraft fleet; the increased number of seats per aircraft; and the disproportionate addition of capacity on lower-cost platforms.
- No major change in the combined EBITDA contribution from Lufthansa's nonpassenger business segments (comprising the logistics, MRO, and catering operations).
- Capex of €3.4 billion in 2018 and €3.0 billion in 2019, mainly for its fleet renewal program, which will be paid from operating cash flows.
- Dividends in 2018 of €377 million (11.4% of adjusted EBIT), followed by a similar payout consistent with the company's publicly stated dividend policy of 10%-25% of EBIT.
- No acquisitions and only minor disposals, below historical levels. These are recurring disposals of old aircraft and related equipment.
- No changes to the pension deficit. Accordingly, we carried forward the 2017 adjustments, although this will ultimately depend on the evolution of discount rates, for example.
- Adjusted debt at year-end 2018 similar to 2017 levels, because the company generates sufficient operating cash flow to absorb large capex and moderate dividends.

Peer comparison

We view other full-service airlines as Lufthansa's main peers. In terms of revenues, Lufthansa is one of the largest airline companies we rate globally. We consider the company to have a better competitive position than many of its peers thanks to its larger business scope and geographic diversification. While Lufthansa's profitability trails some of its peers because of its higher cost base, we also believe that the EBITDA margin is constrained by Lufthansa's other less asset-intensive divisions, such as airline catering and MRO activities. Lufthansa's overall profitability, as measured by absolute return on capital (ROC) and volatility of ROC, compares well with its peers'.

Table 1

Deutsche Lufthansa AG -- Peer Comparison

Industry Sector: Air Transport

	Deutsche Lufthansa AG	British Airways PLC	Turk Hava Yollari A.O.	Delta Air Lines Inc.	United Continental Holdings Inc.
Rating as of May 31, 2018.	BBB-/Positive/A-3	BBB-/Stable/--	BB-/Watch Neg/--	BBB-/Stable/--	BB/Stable/--
	--Fiscal year ended Dec. 31, 2017--				
(Mil. €)					
Revenues	35,579.0	13,773.8	9,125.1	34,256.8	31,423.9
EBITDA	5,158.0	3,234.5	2,055.0	8,591.3	7,070.6
Funds from operations (FFO)	3,569.7	2,552.1	1,822.5	6,613.4	5,758.5
Net income from cont. oper.	2,364.0	1,609.9	185.7	2,668.9	1,774.5
Cash flow from operations	6,321.7	3,015.2	2,127.3	7,277.1	4,277.0
Capital expenditures	3,195.0	641.0	706.2	3,191.9	3,259.3
Free operating cash flow	3,126.7	2,374.1	1,421.2	4,085.2	1,017.7

Table 1

Deutsche Lufthansa AG -- Peer Comparison (cont.)

Industry Sector: Air Transport

	Deutsche Lufthansa AG	British Airways PLC	Turk Hava Yollari A.O.	Delta Air Lines Inc.	United Continental Holdings Inc.
Discretionary cash flow	2,881.8	1,855.9	1,421.2	3,476.5	1,017.7
Cash and short-term investments	3,948.0	3,150.0	1,737.1	2,197.6	3,162.7
Debt	9,006.6	4,819.6	7,170.4	21,191.2	20,553.9
Equity	9,849.5	7,196.1	4,451.8	10,434.1	7,333.0
Adjusted ratios					
EBITDA margin (%)	14.5	23.4	22.3	24.8	22.0
Return on capital (%)	15.8	18.9	9.0	18.7	13.7
EBITDA interest coverage (x)	8.6	10.3	7.1	6.3	5.1
FFO cash int. cov. (X)	14.1	32.2	12.3	21.1	12.9
Debt/EBITDA (x)	1.7	1.5	3.5	2.5	3.0
FFO/debt (%)	39.6	52.9	25.2	30.9	27.5
Cash flow from operations/debt (%)	70.2	62.5	29.5	34.0	20.3
Free operating cash flow/debt (%)	34.7	49.2	19.6	18.9	4.5
Discretionary cash flow/debt (%)	32.0	38.4	19.6	16.1	4.5

Financial Risk: Intermediate

Lufthansa achieved strong results in 2017, with reported EBITDA increasing by 40% to €4.6 billion (adjusted for a one-off gain from a pension scheme change) and S&P Global Ratings-adjusted FOCF generation in excess of €1.6 billion. This was thanks to solid demand for air travel and stable yields underpinned by the industry's consolidation and balanced capacity growth, and to the company's positive trend in cost-savings per unit. Consequently, Lufthansa's adjusted debt declined by €3.4 billion in 2017 to €9.0 billion at the year-end, mainly stemming from a structural reduction in pension obligations (including a €1.7 billion payment into the defined-contribution pension system for flight attendants that was funded with excess cash). Given Lufthansa's solid financial performance, adjusted FFO to debt improved to about 40% in 2017 (from 24% a year earlier) and enhanced its financial flexibility to weather the next potential industry downturn.

We realize that the airline industry is tied to cyclical supply-and-demand conditions and that the company's 2017 growth rate is not sustainable. As such, we consider that a key challenge for Lufthansa moving forward will be turning EBITDA strength into lasting value. This will depend on the company's ability to continue lowering unit costs to counterbalance the industry's volatility, while protecting its strategic position in the profitable premium traffic and typically less-volatile nonpassenger businesses, notably MRO and catering. Furthermore, given the inherent volatility of the airline industry and associated swings in earnings and cash flow, we consider that maintaining a prudent financial policy underpinned by balanced (and unit cost-accretive) investment decisions is a critical and stabilizing factor of credit quality. The company has stated its intention to maintain an adjusted net debt-to-EBITDA ratio below 3.5x (compared with 1.7x achieved in 2017) and payout dividends of 10%-25% of EBIT, while it continues to evaluate growth opportunities. This compares with our base-case projection of adjusted debt-to-EBITDA for the company staying below 2.0x over the next two years (incorporating our assumption for regular annual dividend distribution). Given our below-3x leverage guideline for an upgrade, our forecast points to ample debt capacity under the current 'BBB-' rating and in case of a potential higher 'BBB' rating.

We continue to view Lufthansa's sizable (albeit recently significantly reduced) and volatile debt-like pension obligation, which makes up a substantial portion of its total adjusted debt (close to 30% at end-2017, down from 50% a year earlier), as its main credit weakness. This is because an increase in net pension liabilities (if key assumptions around pension scheme change) would drag on Lufthansa's financial leverage ratios.

We view positively Lufthansa's proactive measures to lower the pension liability and the exposure to benchmark interest rates, and bolster the stability of its ratios. They included agreements with cabin crew and pilots on amendments to their pension arrangement realized in 2016-2017. These measures, combined with favorable performance of plan assets, resulted in a significant decrease in the company's pension deficit (to about €5.09 billion on Dec. 31, 2017, from about €8.35 billion the year earlier), marginally constrained by a fall in the long-term German and corporate bond yields (to 2.0% from 2.1%), which the company uses to measure its International Financial Reporting Standard-reported accounting pension deficit.

Our Base-Case Cash Flow And Capital Structure Scenario

Based on our base-case assumptions, we arrive at the following credit measures:

- A weighted-average ratio of adjusted FFO to debt of 38%-40% in 2018-2019, largely in line with 2017.
- A weighted-average ratio of adjusted debt to EBITDA of 1.8x-1.9x in 2018-2019, largely in line with 2017.

Financial summary

Table 2

Deutsche Lufthansa AG -- Financial Summary					
Industry Sector: Air Transport					
	--Fiscal year ended Dec. 31--				
	2017	**2016**	**2015**	**2014**	**2013**
Rating history	BBB-/Stable/A-3	BBB-/Negative/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB-/Stable/A-3
(Mil. €)					
Revenues	35,579.0	31,660.0	32,056.0	30,011.0	30,028.0
EBITDA	5,158.0	3,773.5	3,734.0	3,079.0	3,080.0
Funds from operations (FFO)	3,569.7	3,006.9	3,103.1	2,376.8	2,213.0
Net income from continuing operations	2,364.0	1,776.0	1,698.0	55.0	313.0
Cash flow from operations	6,321.7	3,214.9	3,745.1	2,366.8	3,484.0
Capital expenditures	3,195.0	2,392.0	2,774.0	2,772.0	2,490.0
Free operating cash flow	3,126.7	822.9	971.1	(405.2)	994.0
Discretionary cash flow	2,881.8	577.1	951.7	(627.2)	980.0
Cash and short-term investments	3,948.0	3,937.0	3,093.0	2,738.0	4,696.0

Table 2

Deutsche Lufthansa AG -- Financial Summary (cont.)					
Debt	9,006.6	12,419.3	12,261.2	12,214.8	9,415.7
Equity	9,849.5	7,399.0	6,095.0	4,031.8	6,138.0
Adjusted ratios					
EBITDA margin (%)	14.5	11.9	11.6	10.3	10.3
Return on capital (%)	15.8	9.6	14.7	9.4	8.2
EBITDA interest coverage (x)	8.6	6.9	6.0	4.8	4.3
FFO cash int. cov. (x)	14.1	13.6	12.1	7.4	6.6
Debt/EBITDA (x)	1.7	3.3	3.3	4.0	3.1
FFO/debt (%)	39.6	24.2	25.3	19.5	23.5
Cash flow from operations/debt (%)	70.2	25.9	30.5	19.4	37.0
Free operating cash flow/debt (%)	34.7	6.6	7.9	(3.3)	10.6
Discretionary cash flow/debt (%)	32.0	4.6	7.8	(5.1)	10.4

Liquidity: Strong

We view Lufthansa's liquidity as strong. We project that the company's sources will exceed uses by around 2.0x in the 24 months started March 31, 2018. We also expect the company's liquidity sources to exceed uses even if its EBITDA declines by 50%--the minimum expected under our criteria (see "Key Credit Factors For The Transportation Cyclical Industry," published Feb. 12, 2014). Furthermore, we believe that Lufthansa has solid relationships with banks; a generally high standing in credit markets; and generally prudent risk management. There are no covenants in the bank documentation.

Principal Liquidity Sources	Principal Liquidity Uses
We forecast that the company's liquidity sources for the 12 months started March 31, 2018, will mainly consist of: • About €4.63 billion of available cash. • €855 million of committed credit line availability with maturity beyond 12 months. • About €3.7 billion of cash flow from operations under our base-case scenario.	We estimate that Lufthansa's liquidity needs over the same period will mainly include: • €645 million in in short-term borrowings. • About €200 million working capital needs. • About €3.3 billion in capex.

Other Credit Considerations

We apply a negative financial policy modifier, because we note that the improved credit ratios in 2017, which are now consistent with our intermediate financial risk category, are a new achievement for the company, meaning there is no track record of Lufthansa's commitment to maintaining this degree of financial risk, which weighs on the possibility of an upgrade at this time.

Ratings Score Snapshot

Corporate Credit Rating

BBB-/Positive/A-3

Business risk: Satisfactory

- **Country risk:** Low
- **Industry risk:** High
- **Competitive position:** Excellent

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: bbb

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Negative (-1 notch)
- **Liquidity:** Strong (no impact)
- **Management and governance:** Strong (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Issue Ratings--Subordination Risk Analysis

Capital structure

As of Dec. 31, 2017, Lufthansa's capital structure consisted of €6.814 billion of total borrowings; of which €2.948 billion was unsecured debt and €3.765 billion was finance lease-like obligations, including secured aircraft financing.

Analytical conclusions

We rate Lufthansa's unsecured notes 'BBB-', in line with the issuer credit rating, as no significant elements of subordination risk are present in the capital structure.

Reconciliation

Table 3

Reconciliation Of Deutsche Lufthansa AG Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2017--								
Deutsche Lufthansa AG reported amounts									
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Reported	6,814.0	9,495.0	5,205.0	3,153.0	208.0	5,205.0	5,035.0	232.0	3,215.0
S&P Global Ratings' adjustments									
Interest expense (reported)	--	--	--	--	--	(208.0)	--	--	--
Interest income (reported)	--	--	--	--	--	178.0	--	--	--
Current tax expense (reported)	--	--	--	--	--	(812.0)	--	--	--
Operating leases	3,230.3	--	451.0	223.2	223.2	227.8	227.8	--	--
Intermediate hybrids reported as debt	(250.0)	250.0	--	--	(12.8)	12.8	12.8	12.8	--
Postretirement benefit obligations/deferred compensation	3,145.0	1.5	(548.0)	(548.0)	159.0	(1,064.0)	1,071.0	--	--
Surplus cash	(3,869.0)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	20.0	(20.0)	(20.0)	--	(20.0)
Dividends received from equity investments	--	--	87.0	--	--	87.0	--	--	--
Non-operating income (expense)	--	--	--	335.0	--	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	(5.0)	--	--
Non-controlling Interest/Minority interest	--	103.0	--	--	--	--	--	--	--
Debt - Derivatives	(81.7)	--	--	--	--	--	--	--	--
Debt - Other	18.0	--	--	--	--	--	--	--	--
EBITDA - Gain/(Loss) on disposals of PP&E	--	--	(37.0)	(37.0)	--	(37.0)	--	--	--
Total adjustments	2,192.6	354.5	(47.0)	(26.8)	389.3	(1,635.3)	1,286.7	12.8	(20.0)
S&P Global Ratings' adjusted amounts									
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Dividends paid**	**Capital expenditures**
Adjusted	9,006.6	9,849.5	5,158.0	3,126.2	597.3	3,569.7	6,321.7	244.8	3,195.0

PP&E--Plant, property, and equipment.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology And Assumptions: Assigning Equity Content To Hybrid Capital Instruments Issued By Corporate Entities And Other Issuers Not Subject To Prudential Regulation, Jan. 16, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Transportation Cyclical Industry, Feb. 12, 2014
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Criteria - Financial Institutions - General: Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	**bbb/bbb-**	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of June 11, 2018)	
Deutsche Lufthansa AG	
Corporate Credit Rating	BBB-/Positive/A-3
Junior Subordinated	BB

Ratings Detail (As Of June 11, 2018) (cont.)	
Senior Unsecured	BBB-
Corporate Credit Ratings History	
19-Apr-2018	BBB-/Positive/A-3
26-Apr-2017	BBB-/Stable/A-3
15-Sep-2016	BBB-/Negative/A-3

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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