

Deutsche Lufthansa AG

Federal Republic of Germany, Airlines

Rating composition

Business risk profile		
Industry risk profile	B	BBB-
Competitive position	BBB	
Financial risk profile		
Credit metrics	BBB	BBB
Liquidity	+/-0 notches	
Standalone credit assessment		BBB-
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		BBB-

Issuer

BBB-

Outlook

Stable

Short-term debt

S-2

Senior unsecured debt

BBB-

Subordinated hybrid debt

BB

Lead Analyst

Michel Bove

+34 919 491 664

m.bove@scoperatings.com

Related methodology

General Corporate Rating Methodology, Apr 2026

Table of content

- Key rating drivers
- Rating Outlook
- Corporate profile
- Rating history
- Financial overview (financial data in EUR m)
- Environmental, social and governance (ESG) profile
- Business risk profile: BBB- unchanged
- Financial risk profile: BBB unchanged
- Supplementary rating drivers: 0 notches
- Debt ratings

Key metrics

Scope credit ratios*	Scope estimates			
	2024	2025	2026E	2027E
Scope-adjusted EBITDA interest cover	10.8x	7.9x	10.4x	12.6x
Scope-adjusted debt/EBITDA	1.8x	2.0x	1.9x	1.7x
Scope-adjusted funds from operations/debt	47%	43%	44%	51%
Scope-adjusted free operating cash flow/debt	4%	4%	3%	-1%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenarios for the ratings and Outlook are (collectively):

- Debt/EBITDA significantly below 2x on a sustained basis
- Free operating cash flow/debt above 10% on a sustained basis

The downside scenario for the ratings and Outlook is:

- Debt/EBITDA above 3x on a sustained basis

*All credit metrics refer to Scope-adjusted figures.

1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none"> Globally diversified operations with strong market positions, mitigating cyclical risks in passenger and cargo traffic Strong liquidity and financial resilience, providing a solid buffer against short-term macroeconomic and geopolitical shocks Scale of operations, including a diversified worldwide route network and geographical reach, with strong positions at hubs in Frankfurt, Munich, Zurich, Brussels, Vienna, and Rome, serving 135 million passengers in 2025 Broad aircraft fleet renewal programme with next-generation aircraft to help improve cost structures Co-founder of global aviation alliance Star Alliance, supporting increased flight frequencies 	<ul style="list-style-type: none"> Exposure to cyclical changes in discretionary travel (business and leisure) and event risks such as natural disasters, contagious diseases and labour strikes, which negatively affect passenger volumes Multi-hub strategy with low flexibility to adjust capacity without affecting the whole system Fierce competition, including pressure from low-cost and network airlines Relatively weak profitability must be navigated amid persistent inflation and macroeconomic headwinds Fleet renewal plan pressuring free operating cash flow

2. Rating Outlook

The Stable Outlook reflects our expectation of resilient credit metrics, supported by strong liquidity and a disciplined financial policy despite cost pressures, high investment needs and adverse geopolitical developments, notably the ongoing Middle East crisis.

3. Corporate profile

Deutsche Lufthansa AG is a global aviation group operating worldwide and organised into the business segments Passenger Airlines, Logistics, MRO, and Additional Businesses and Group Functions. The Passenger Airlines segment comprises Lufthansa Airlines, SWISS, Austrian Airlines, Brussels Airlines and ITA Airways (which was recently incorporated into the group following the acquisition of a 41% stake) as well as Eurowings, which focuses on point-to-point traffic. Closely affiliated airlines include Lufthansa City Airlines, Air Dolomiti, Discover Airlines and Edelweiss.

Lufthansa operates across various passenger and aviation service segments

The Logistics segment is primarily represented by Lufthansa Cargo, while the MRO segment is led by Lufthansa Technik, a global provider of maintenance, repair and overhaul services. Additional Businesses and Group Functions includes Lufthansa Aviation Training and Lufthansa Systems. Lufthansa also holds a minority investment in airBaltic.

The group is a founding member of the Star Alliance, supporting its extensive global network and cooperation with partner airlines. Lufthansa holds leading market positions across its core segments, underpinning its competitive standing in the global aviation industry.

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
29 Apr 2026	Affirmation	BBB-/Stable
28 Apr 2025	Outlook change	BBB-/Stable
23 May 2024	Affirmation	BBB-/Positive

5. Financial overview (financial data in EUR m)

Scope credit ratios	Scope estimates					
	2023	2024	2025	2026E	2027E	2028E
EBITDA interest cover	11.1x	10.8x	7.9x	10.4x	12.6x	13.2x
Debt/EBITDA	1.5x	1.8x	2.0x	1.9x	1.7x	1.2x
Funds from operations/debt	65%	47%	43%	44%	51%	71%
Free operating cash flow/debt	18%	4.4%	4.0%	3.3%	-1.2%	14.6%
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
EBITDA						
Reported EBITDA	4,698	3,920	4,176	4,702	5,471	6,325
add: operating lease payments	-	-	-	-	-	-
add: recurring dividends from associates	107	114	122	150	150	150
less: capitalised expenses	-	-	-	-	-	-
Other items (incl. one-offs)	(360)	(296)	(365)	(365)	(365)	(365)
EBITDA	4,445	3,738	3,933	4,487	5,256	6,110
Funds from operations (FFO)						
EBITDA	4,445	3,738	3,933	4,487	5,256	6,110
less: interest	(399)	(347)	(497)	(430)	(417)	(464)
less: cash tax paid	(92)	(181)	61	(351)	(180)	(253)
Other non-operating charges before FFO	299	(49)	(134)	-	-	-
Funds from operations	4,253	3,161	3,363	3,706	4,658	5,393
Free operating cash flow (FOCF)						
Funds from operations	4,253	3,161	3,363	3,706	4,658	5,393
Change in working capital	278	525	238	323	249	93
Non-operating cash flow	-	-	-	-	-	-
less: capital expenditures (net)	(3,021)	(3,038)	(2,903)	(3,255)	(4,413)	(3,708)
less: lease amortisation	(319)	(354)	(389)	(498)	(600)	(668)
Other items	-	-	-	-	-	-
Free operating cash flow	1,191	294	309	277	(106)	1,110
Interest						
Net cash interest per cash flow statement	299	242	395	328	315	362
add: interest component, operating leases	-	-	-	-	-	-
add: 50% of interest paid on hybrid debt	22	11	13	13	13	13
add: other items	78	94	89	89	89	89
Interest	399	347	497	430	417	464
Debt						
Reported financial (senior) debt	13,449	13,729	14,032	14,100	14,302	12,778
add: subordinated (hybrid) debt (net of equity credit)	494	494	495	495	495	495
add: shareholder loans (net of equity credit)	(247)	(247)	(248)	(248)	(248)	(248)
less: cash and cash equivalents	(8,265)	(8,488)	(8,148)	(6,927)	(6,554)	(5,865)
add: non-accessible cash	275	675	1,156	650	650	-
add: pension adjustment	674	586	431	431	431	431
add: operating lease obligations	-	-	-	-	-	-
add: asset retirement obligations	-	-	-	-	-	-
add: other debt-like items	181	(4)	85	-	-	-
Debt	6,561	6,745	7,804	8,502	9,077	7,592

6. Environmental, social and governance (ESG) profile¹

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors: credit-positive credit-negative credit-neutral

We see labour management, CO2 emissions, and indirect sustainability challenges as the airline industry’s main environmental, social, and governance (ESG) risks. Labour management challenges, such as prolonged union disputes, rising labour costs, and workforce shortages, can negatively impact operational efficiency and profitability, leading to heightened financial strain. Similarly, regulatory pressures to reduce CO2 emissions require substantial investments in fuel-efficient aircraft, alternative fuels, and carbon offset programmes. These capital-intensive transitions may burden airlines with higher debt levels or erode cash flows, impacting their ability to meet financial obligations. Additionally, indirect sustainability challenges, including evolving environmental regulations and climate-related disruptions, introduce long-term uncertainty into revenue projections and cost structures.

Three ESG factors affect the airlines industry

¹ These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity’s cash flow and, by extension, its credit quality.

7. Business risk profile: BBB- unchanged

Lufthansa's business risk profile continues to be supported by its large scale, strong positions at major European hubs and broad global connectivity, alongside meaningful earnings diversification across passenger airlines, cargo and MRO. This combination of network strength, market relevance and business diversification provides Lufthansa with greater resilience than more narrowly focused airline peers, particularly during periods of operational or geopolitical disruption. However, moderate profitability continues to fall short of management's medium-term ambitions and remains the weakest element in the group's operating credit profile.

Cyclicality for the airline industry is high due to its susceptibility to adverse economic changes and event risks. Market entry barriers are low, with many market players despite complex regulatory and legal standards. Substitution risk is low as technological progress is unlikely to change air travel.

Industry risk profile: B

Lufthansa remains one of the leading European network airline groups and benefits from structurally strong market positions in its core home markets of Germany, Austria, Switzerland and Belgium. These positions underpin pricing power, connectivity and operational flexibility at key hubs, while also supporting access to both premium and leisure demand. The group's network model is reinforced by its multi-brand structure and alliance participation, notably within the Star Alliance and transatlantic joint ventures, which continue to support traffic flows and network relevance across major intercontinental markets.

Strong market position supported by scale, hubs and diversification

The group's strategic positioning was further strengthened in 2025 through the integration of ITA Airways as a fifth network airline following the acquisition of a 41% stake. This transaction extended Lufthansa's multi-hub system to Rome and bolsters its presence in Italy, one of Europe's largest aviation markets. Over time, the transaction should enhance network breadth, particularly on long-haul routes, and support medium-term synergy and yield potential, with the option of a future increase in ownership subject to regulatory and performance developments.

Lufthansa continued to benefit from the post-pandemic recovery in 2025, carrying 135 million passengers at a load factor of 83.2%, while group revenue increased to EUR 39.6bn. Demand remained particularly supportive on intra-European and transatlantic routes, although capacity growth continued to be constrained by aircraft delivery delays, engine availability issues and infrastructure bottlenecks across the aviation value chain.

Recovery continues, but profitability remains key constraint

Despite continued demand support and improving traffic metrics, profitability remains the principal limitation for Lufthansa's business risk profile. Group adjusted EBIT rose only modestly to EUR 1.96bn in 2025, corresponding to an adjusted EBIT margin of 4.9%, compared with 4.4% in 2024. While this represents some recovery, it is well below Lufthansa's medium-term target range of 8%-10%. In our view, the current margin level reflects a combination of elevated personnel costs, higher fees and charges, persistent supply-chain constraints, aircraft delivery delays and the still-suboptimal performance of Lufthansa Airlines mainline. Accordingly, the pace and durability of further margin recovery remain dependent on the continued execution of the turnaround programme, structural cost measures and productivity improvements across the group.

The main operational weakness stems from Lufthansa Airlines mainline, whose profitability remains below the group average despite the first tangible results from its turnaround programme. While Lufthansa Airlines returned to a positive adjusted EBIT margin of 0.9% in 2025, performance is still constrained by cost inflation, delivery delays and a persistent productivity gap. At the same time, management has intensified corrective action through a broad turnaround programme comprising more than 700 measures, targeting gross earnings improvement of around EUR 2.5bn by 2028. These measures are supported by fleet renewal, digitalisation, ancillary revenue initiatives and crew productivity improvements. Recent actions, including the immediate removal of Lufthansa CityLine capacity, demonstrate management's willingness to take operationally difficult but necessary steps to improve competitiveness and support the turnaround. We view the successful execution of these measures as essential for restoring sustainable margin improvement at mainline level and, by extension, at group level.

In this context, the pace and durability of Lufthansa's profitability recovery will depend on the continued implementation of structural cost measures and the extent to which the turnaround programme translates into lasting efficiency gains. While we expect profitability to remain broadly stable in 2026, a more meaningful improvement is only likely from 2027 onwards, as turnaround measures and fleet modernisation increasingly support productivity and cost efficiency. Until then, the still-elevated cost base and limited margin headroom remain a key constraint on the overall business risk profile.

A core strength of Lufthansa's business profile continues to be the contribution from its non-passenger businesses, which provide meaningful earnings diversification and partially mitigate volatility in the Passenger Airlines segment. In 2025, Lufthansa Technik generated EUR 603m of adjusted EBIT at a 7.5% margin and secured EUR 8.8bn of new long-term contracts, underlining its strong position as one of the leading global MRO providers. Lufthansa Cargo delivered EUR 324m of adjusted EBIT at a 9.5% margin, supported by resilient freight demand, particularly on Asian trade lanes. Together, these two businesses contributed around 47% of group EBIT, which we view as a major stabilising feature of Lufthansa's business model.

Cargo and MRO provide an important earnings buffer

This degree of diversification compares favourably with many airline peers, whose earnings are more heavily concentrated in passenger traffic. In Lufthansa's case, contributions from SWISS, Austrian Airlines, Brussels Airlines, Eurowings, Cargo and Technik materially soften the impact of weaker profitability at Lufthansa Airlines mainline. The group therefore benefits from a broader operating base, both geographically and by business line. This strengthens resilience across the aviation cycle and provides some buffer against demand volatility, operational disruption and margin pressure in individual segments.

The aviation sector continued to recover in 2025, supported by sustained passenger demand and a gradual increase in capacity. However, the pace and durability of growth are still hampered by supply side limitations, including aircraft delivery delays, engine availability issues and infrastructure bottlenecks. Over the medium to long term, industry growth will be shaped by evolving travel patterns following the pandemic, geopolitical developments, increasing regulatory and climate related obligations, and the ongoing digitalisation of airline operations. In this environment, Lufthansa's ability to adapt its business model, fleet structure and cost base to changing market dynamics and passenger expectations will be critical to sustaining competitiveness.

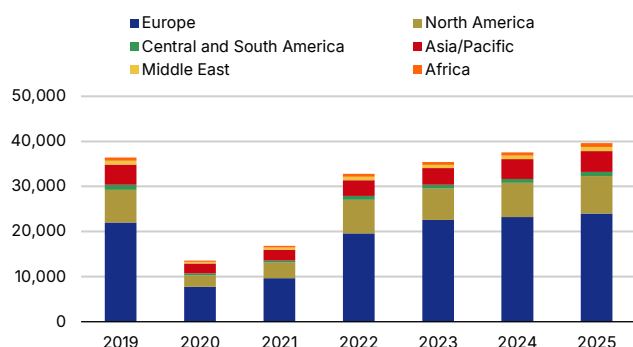
Industry recovery amid structural challenges

Lufthansa is also better positioned than many peers to absorb geopolitical shocks, although it is not immune to them. The ongoing Middle East conflict has had a short-term supportive effect on profitability, as reduced transfer capacity at Middle Eastern hubs shifted some demand towards direct long-haul services operated by European network carriers. Lufthansa was able to benefit selectively from this development through improved pricing and load factors on certain routes, while Lufthansa Cargo also saw some support from disruption-related demand patterns. In addition, high fuel hedge coverage through 2026 has limited near-term exposure to fuel price volatility.

Better positioned to absorb geopolitical shocks, but not immune

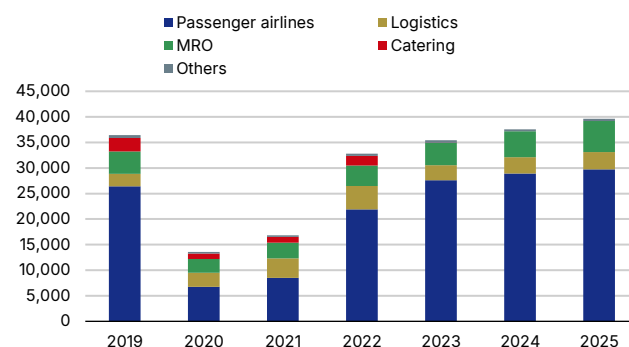
However, geopolitical risk is still a meaningful constraint. Airspace closures, longer routings and selective service suspensions increase operating complexity and cost volatility, even where demand conditions remain supportive. If current disruptions persist, the initial yield benefit could diminish as sustained airspace restrictions, higher operating costs and broader inflationary effects begin to outweigh short-term revenue support. Relative to peers, Lufthansa's multi-hub network, flexible fleet deployment, strong Cargo and MRO earnings contribution, disciplined risk management and solid liquidity provide greater resilience, but not full insulation from prolonged external shocks.

Figure 1: Lufthansa geographical split of revenues



Source: Lufthansa, Scope

Figure 2: Lufthansa division split of revenues



Source: Lufthansa, Scope

8. Financial risk profile: BBB unchanged

Credit metrics remained consistent with the rating category in 2025, supported by moderate leverage and solid debt protection, but constrained by structurally weak cash flow generation during the capex-intensive fleet renewal phase. The group's financial profile reflects a balance between a gradual recovery in profitability and persistently elevated investment needs, notably fleet renewal capex, which limit free operating cash flow.

Lufthansa's credit metrics continued to recover in FY 2025, supported by stronger earnings, solid cash generation and lower net pension obligations. The group reported revenue of EUR 39.6bn, adjusted EBITDA of EUR 4.33bn, adjusted EBIT of EUR 1.96bn and adjusted free cash flow of EUR 1.19bn, while net pension obligations declined to EUR 1.9bn from EUR 2.6bn in FY 2024. These developments confirm that the balance sheet has largely recovered from the pandemic shock, although profitability remains below the group's medium-term ambitions and the business is now entering a more capex-intensive phase.

Credit metrics fully recovered from impact of Covid-19 in 2023

Leverage remained supportive of the current rating level in 2025, although it weakened modestly year on year. Scope-adjusted debt/EBITDA stayed around 2.0x in 2025, compared with 1.8x in 2024, reflecting higher adjusted debt alongside only moderate EBITDA improvement. At the same time, Scope-adjusted funds from operations/debt declined to 43% in 2025 from 47% in 2024, indicating somewhat weaker internal cash generation relative to debt.

Leverage remains below 2x

In our base case, leverage is expected to remain broadly around 1.9x in 2026, before improving to about 1.7x in 2027 and 1.2x in 2028. This expected improvement assumes continued resilient demand, together with progressively stronger earnings support from the turnaround programme and fleet modernisation over the medium term.

Debt protection remains a financial risk profile strength despite some weakening in 2025. Scope-adjusted EBITDA/interest cover declined to 7.9x in 2025 from 10.8x in 2024, mainly due to higher interest expense and refinancing activity. Even so, the metric remains robust for the rating level and is expected to recover to around 10x in 2026 and to above 12x in 2027 as EBITDA generation improves.

Good debt protection

Lufthansa continues to benefit from good access to capital markets and a diversified funding profile, including aircraft-related financing and lease-based structures, which support its debt protection profile and refinancing flexibility during the current investment cycle.

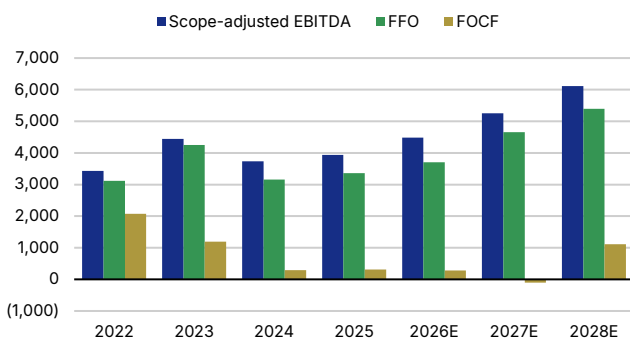
Cash flow cover remains the weakest element of Lufthansa's financial risk profile and is under continued pressure from the group's fleet renewal programme. Free operating cash flow/debt was 4.0% in 2025, compared with 4.4% in 2024, and is expected to weaken further to around 3.3% in 2026 and -1.2% in 2027 as capex peaks. A more material improvement is expected only thereafter, once investment needs begin to normalise and higher operating earnings translate more fully into cash generation.

Cash flow cover the weakest link

This weak cash flow cover reflects the scale of Lufthansa’s aircraft investment programme. The group took delivery of 23 aircraft in 2025, had 219 aircraft on order at year-end 2025, and expects around 45 deliveries in 2026. While sale-and-leaseback transactions and other lease-based structures provide some funding relief, free operating cash flow remains constrained by the size of fleet-related investment, which in our view remains the principal limitation within the financial risk profile over the near to medium term.

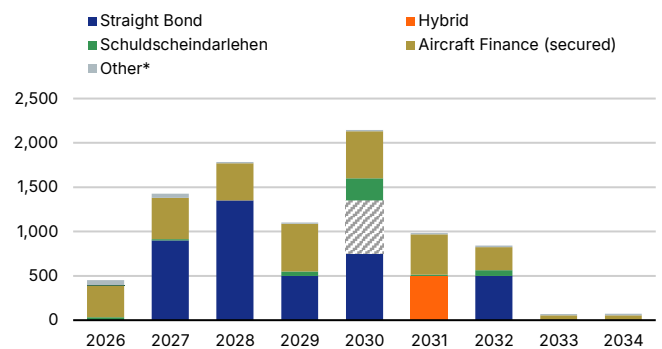
At the same time, the fleet renewal programme is strategically important, as it should support longer-term gains in fuel efficiency, maintenance costs and operating performance, while also helping the group address rising environmental and regulatory requirements. From a credit perspective, however, these benefits will materialise only gradually, whereas the cash flow burden is immediate.

Figure 3: Cash flow in EUR m



Source: Lufthansa, Scope

Figure 4: Debt maturity schedule as of Mar 2026 in EUR m



Source: Lufthansa, Scope

Lufthansa’s liquidity remains a key rating strength, providing an important buffer during the current investment cycle and heightened geopolitical uncertainty. At year-end 2025, the group reported available liquidity of EUR 10.7bn, including around EUR 8.1bn of cash and marketable securities (EUR 6.9bn unrestricted after fixed deposits) and a EUR 2.6bn revolving credit facility. This supports refinancing flexibility and mitigates the impact of weaker free operating cash flow during the capex peak.

Adequate liquidity

Table 1: Liquidity sources and uses (in EUR m)

	2025	2026E	2027E
Unrestricted cash (t-1)	7,813	6,992	6,277
Open committed credit lines (t-1)	2,500	2,567	2,567
FOCF (t)	309	277	(106)
Short-term debt (t-1)	2,299	1,768	1,547
Liquidity	>200%	>200%	>200%

Source: Scope

9. Supplementary rating drivers: +/-0 notches

We have made no rating adjustments related to financial policy, peer group considerations, parent support, or governance and structure.

No impact from supplementary rating drivers

Financial policy continues to be neutral for the rating. Although the fleet renewal plan could be viewed as ambitious, it is necessary to support long-term profitability. Management continues to demonstrate a strong commitment to deleveraging and maintaining an investment-grade credit profile.

Commitment to deleveraging and investment grade

10. Debt ratings

We rate senior unsecured debt at BBB-, in line with the issuer rating.

Senior unsecured debt rating: BBB-

Outstanding subordinated debt (hybrid) has been affirmed at BB. The two-notch differential to the BBB- issuer rating reflects the structural elements of the subordinated debt, including the very long tenor, deep subordination and coupon deferability.

Subordinated unsecured (hybrid) debt rating: BB

The affirmation of the S-2 short-term rating is based on the BBB-/Stable issuer rating and backed by strong liquidity cover and conservative liquidity management. The rating is further supported by Lufthansa's well-established bank relationships and good standing in the capital markets, evidenced by the revolving credit line.

Short-term debt rating: S-2

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin

Phone: +49 30 27891-0

Fax: +49 30 27891-100

info@scoperatings.com

Scope Ratings UK Limited

1 King William Street

London, EC4N 7AF

Phone: +44 20 3059 1051

info@scoperatings.com



Bloomberg: RESP SCOP

[Scope contacts](#)

[scoperatings.com](https://www.scoperatings.com)

Disclaimer

© 2026 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Fund Analysis GmbH, Scope Innovation Lab GmbH and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5, D-10785 Berlin. Public Ratings are generally accessible to the public. Subscription Ratings and Private Ratings are confidential and may not be shared with any unauthorised third party.