



Investor Meeting Presentation

September 2020



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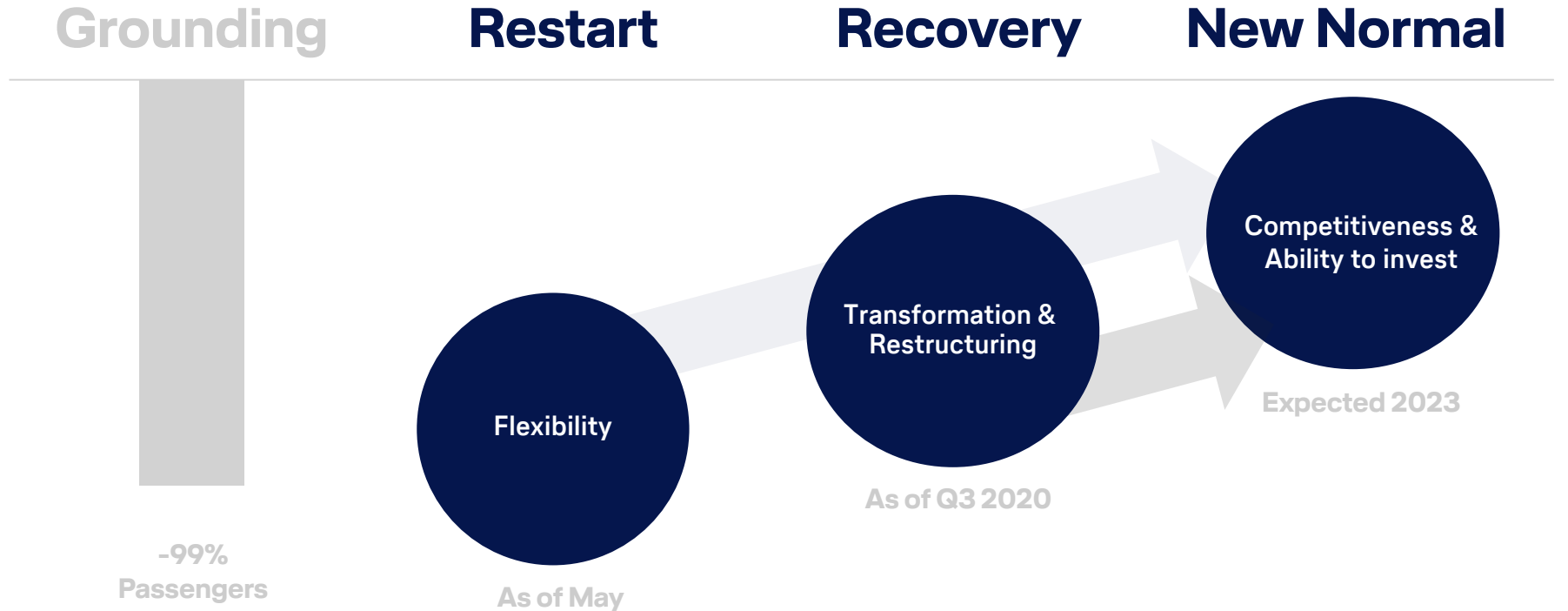
Agenda

01 First Half Year Results 2020

02 Financial stabilization package

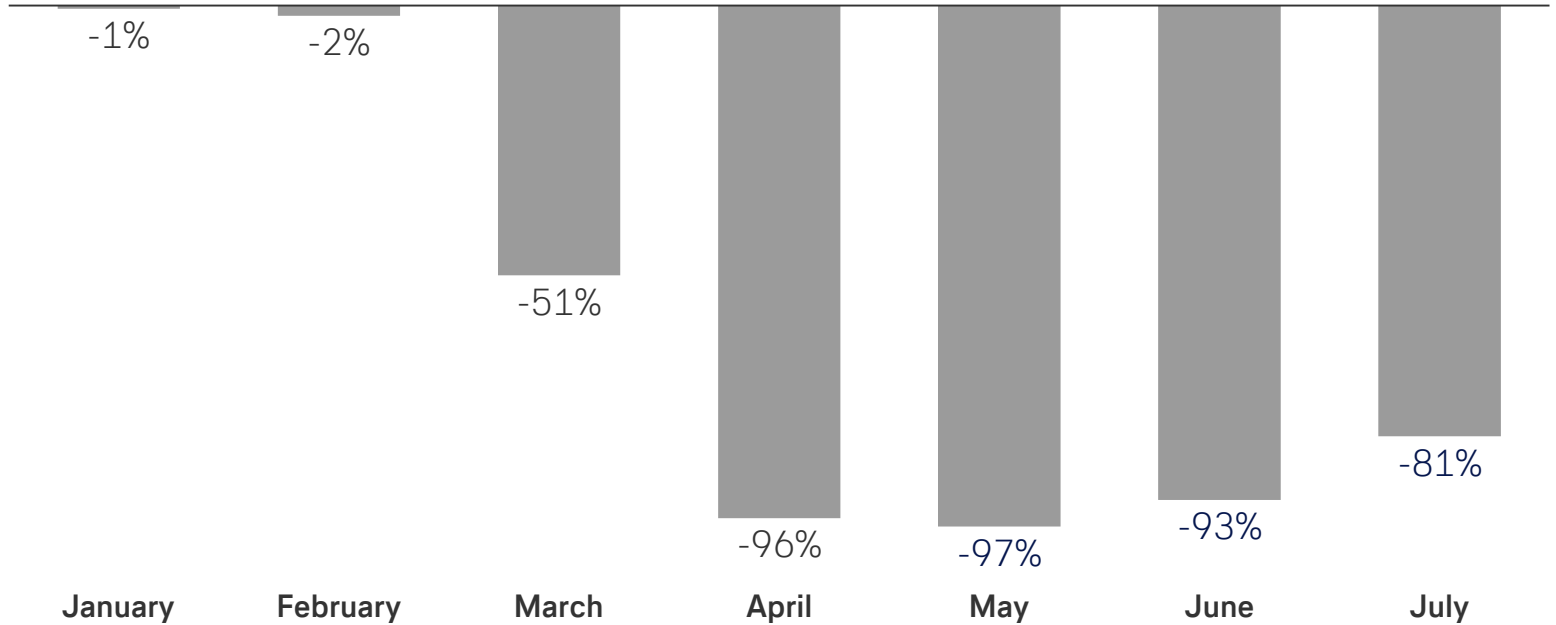
03 Outlook

Path to “New Normal” requires a restructuring of the business



Restart of flight operations in May followed by gradual capacity expansion

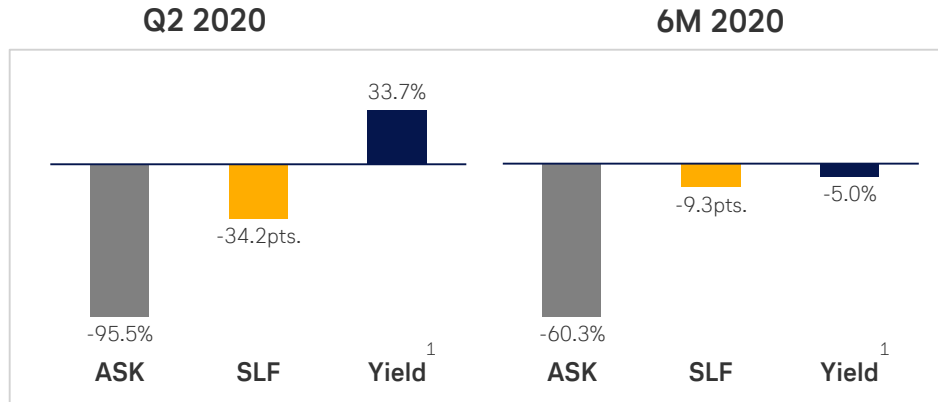
ASK Group Airlines (vs. previous year)



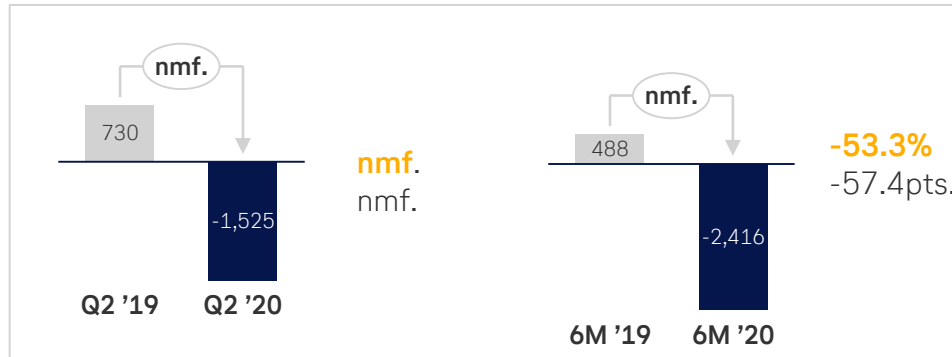
Network Airlines: Almost complete standstill of business in Q2



Operational KPIs



Adjusted EBIT / Margin



Comments

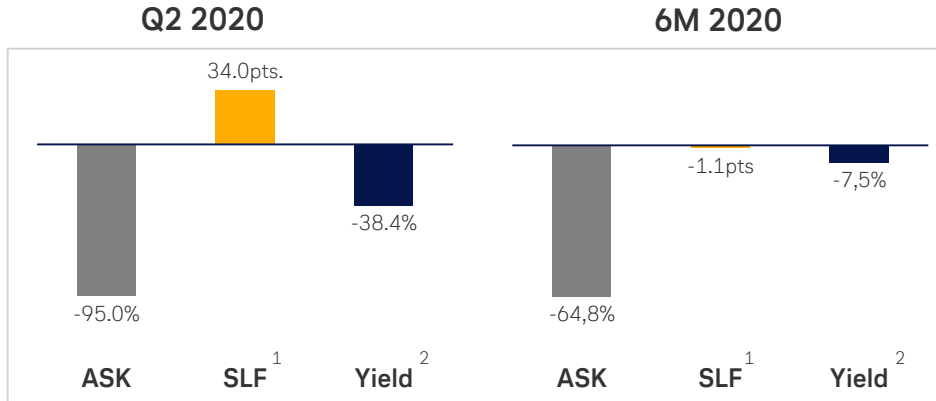
- Lufthansa and SWISS mainly operate repatriation flights in April and May, Austrian Airlines and Brussels Airlines grounded until mid-June
- Gradual expansion of flight schedules in June
- 64% operating expense reduction in Q2 only partly compensates revenue shortfall

¹ Excl. currency

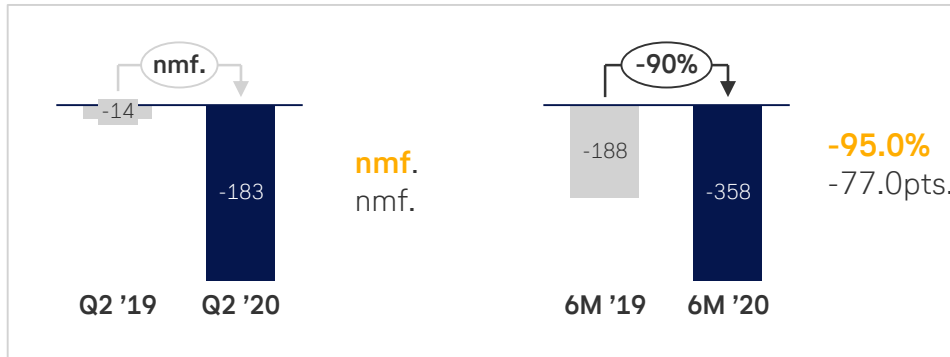
Eurowings: Operating profit declines despite significant cost reductions



Operational KPIs



Adjusted EBIT / Margin



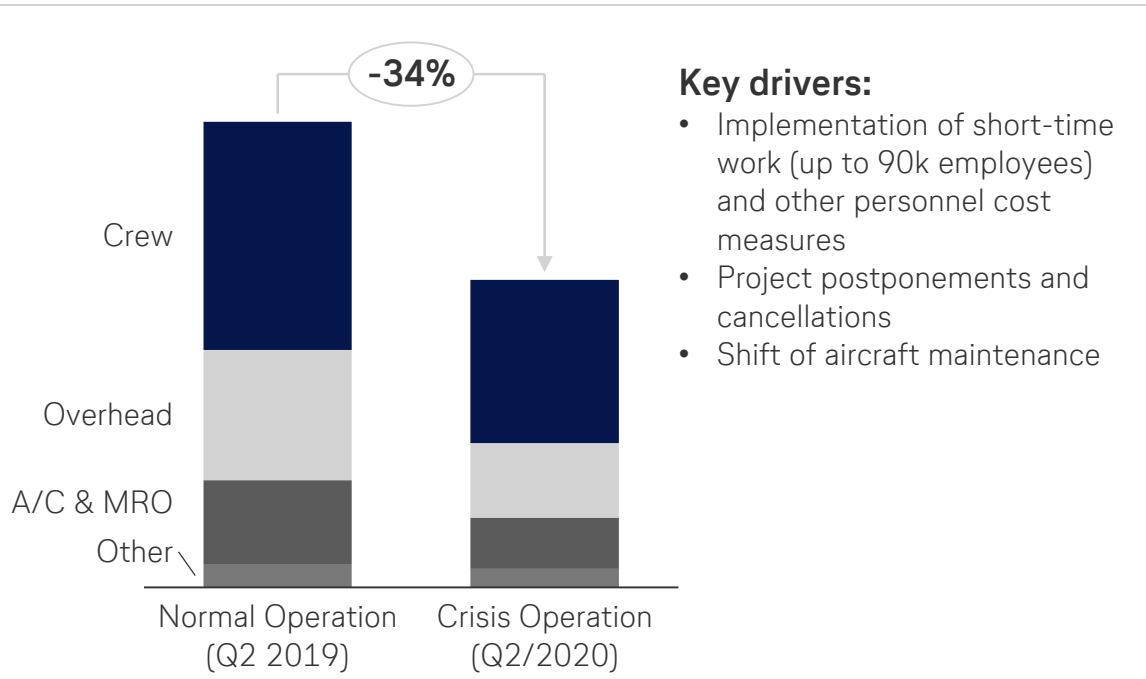
Comments

- Significant reduction of flight schedule in the second quarter
- Operating expenses down 66% in the second quarter, primarily driven by implementation of short-time work, other personnel measures and reduction of discretionary spend
- Adjusted EBIT declines 90% in the first half year

¹ Based on bookings ² Excl. currency

Fixed cash cost reduction limits monthly cash burn to c. EUR 550 million

Airline fixed cash costs reduced significantly



Q2 Group cash burn

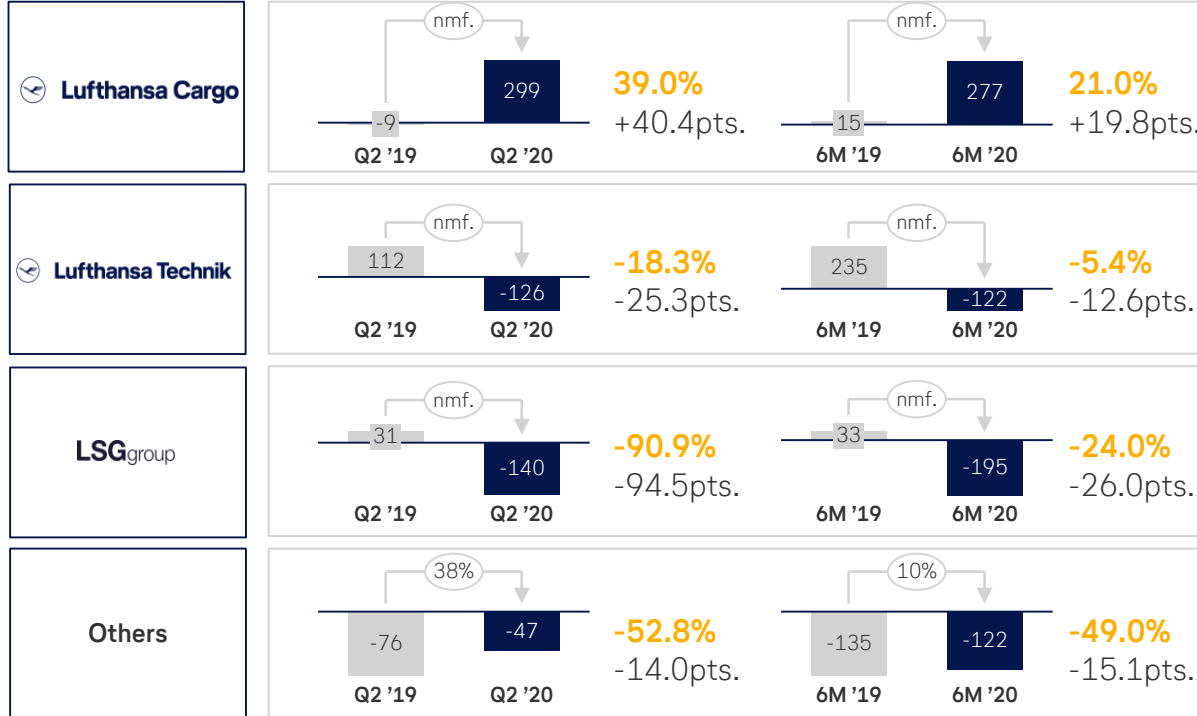
c. EUR 550 million

average monthly operating cash burn (excluding working capital, investing and financing cash flows)

- Cash in
- Personnel
- Material
- Fuel overhedging
- Rents
- Other

Profits in Logistics segment up strongly, losses in MRO and Catering

Adjusted EBIT / Margin

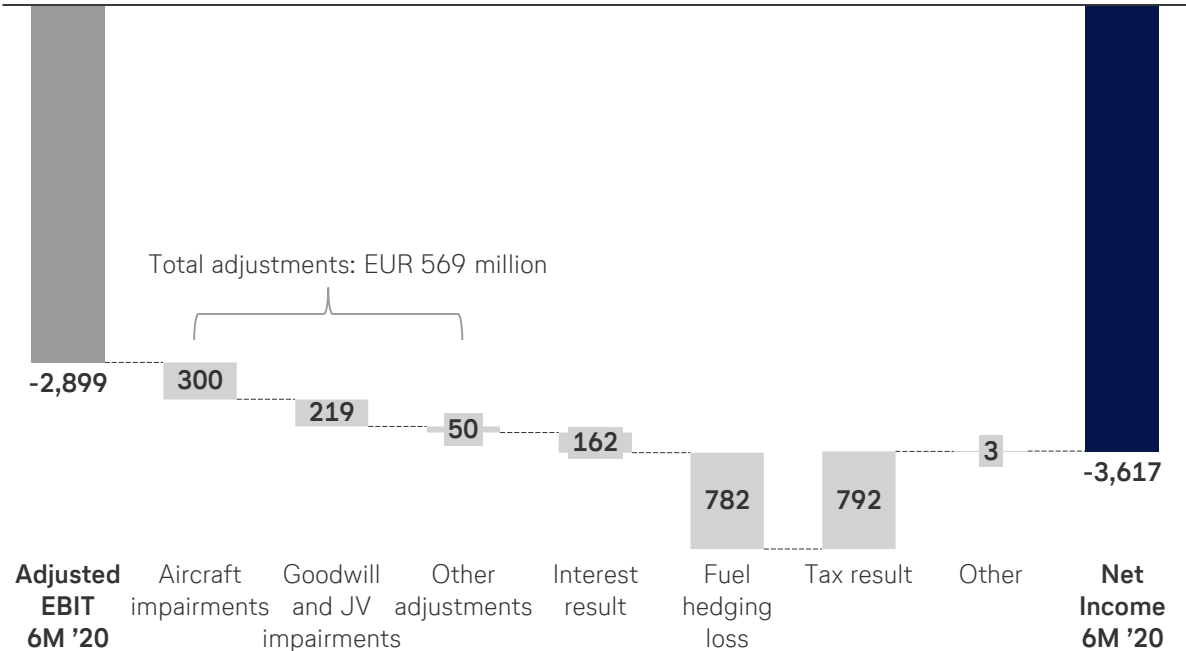


Comments

- Profits in Cargo business benefit from doubling of yields in the second quarter as a result of capacity squeeze from grounding of passenger aircraft
- MRO and Catering segments hit hard by almost complete grounding of global commercial aircraft fleet
- Cost reductions in central functions more than offset Adjusted EBIT declines in Other Businesses

Impairments and fuel hedging losses burden net income

Adjusted EBIT / Net Income 6M 2020

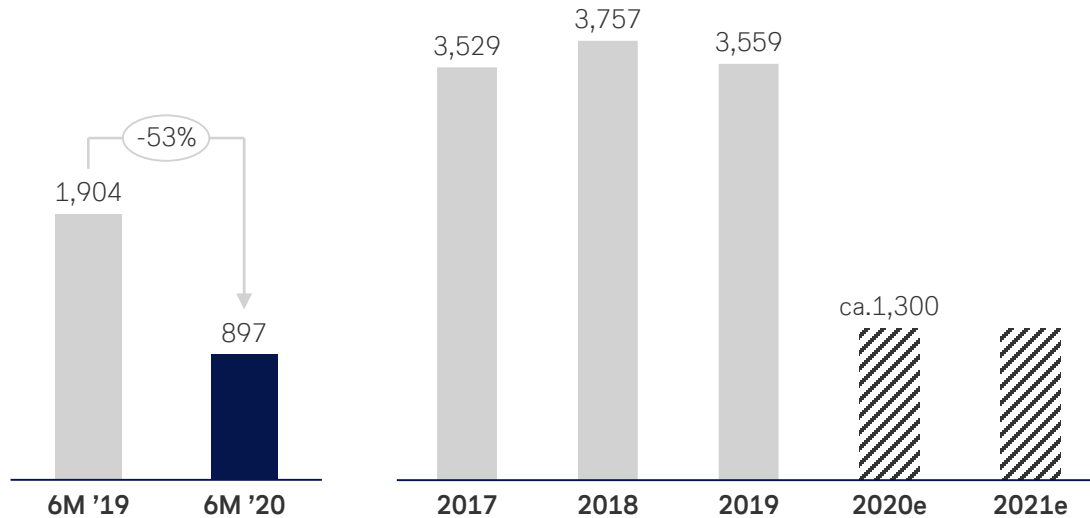


Comments

- Aircraft impairments relate to 65 planes which will be permanently grounded
- Goodwill impairments relate to LSG US, Eurowings and JV operations of Lufthansa Technik
- Oil price recovery reduces fuel hedging loss by EUR 205 million compared to Q1

Investments reduced drastically in response to the crisis

Gross Investments¹



Comments

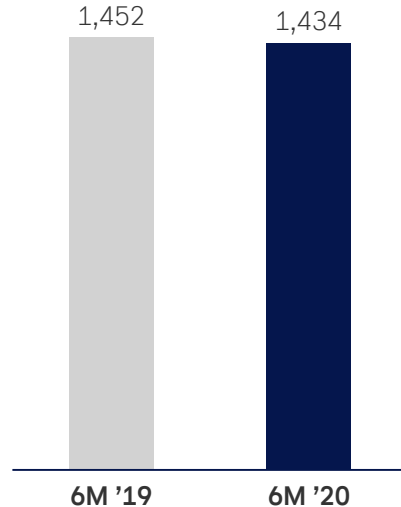
- Strong progress made in negotiating adjustment of aircraft payment and delivery schedules with aircraft manufacturers
- 23 aircraft deliveries planned in 2020 (9 received in H1), 12 in 2021
- Investments expected to amount to EUR circa 1.3 billion in 2020, similar level in 2021

¹ Excluding cash-outs from equity investments

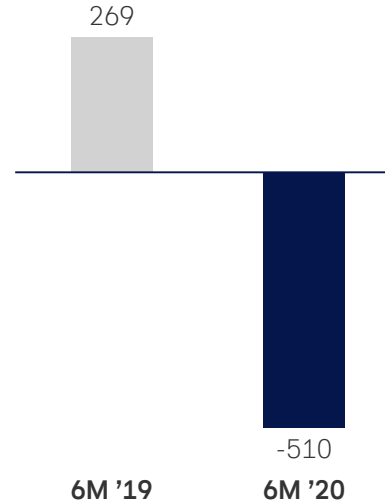
² Amortization of operating lease obligations shown in financing cash flow

Group-wide focus on cash preservation limits free cash flow decline

Working Capital Contribution to Operating Cash Flow



Adjusted Free Cash Flow



Comments

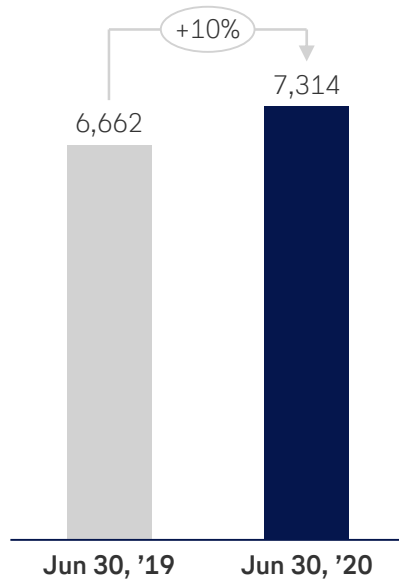
- Strict focus on cash preservation implemented across the Group
- Receivables reduction and successful negotiations with suppliers support stable working capital contribution to operating cash flow
- Positive tax effects and lower investments further limit free cash flow decline relative to earnings

¹ Excluding cash-outs from equity investments

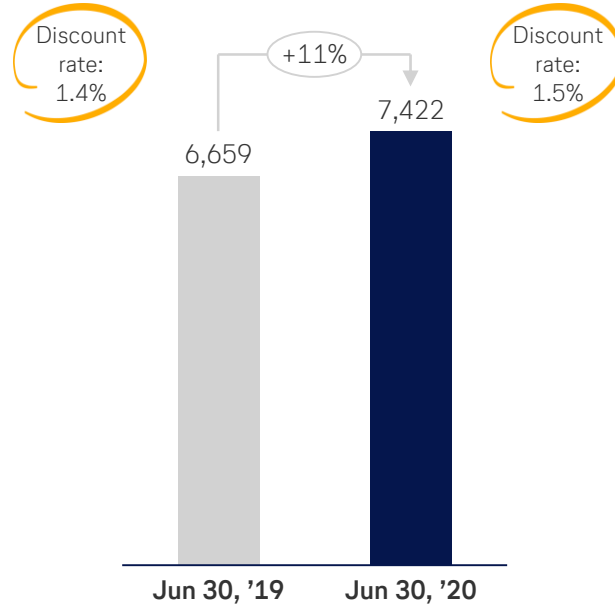
² Amortization of operating lease obligations shown in financing cash flow

Net debt increases only moderately relative to earnings decline

Net debt



Pension provisions



Comments

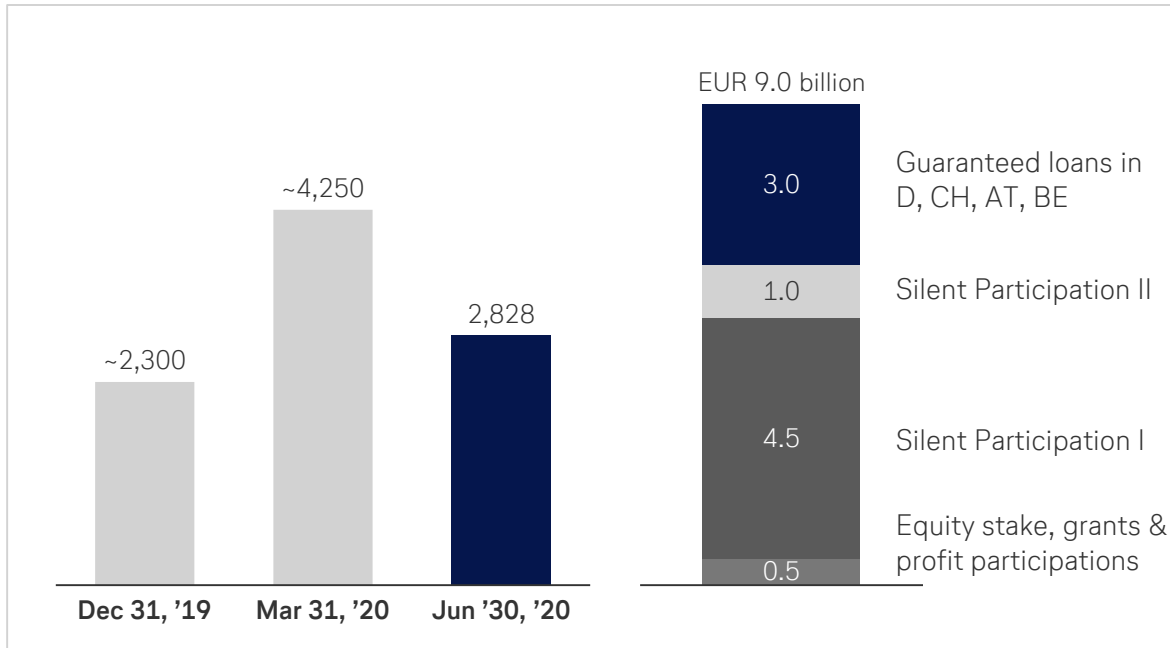
- Only moderate decline of net debt compared to year-end
- Pension provisions increase due to negative asset performance
- Adjusted Net Debt/12-month Adjusted EBITDA increases 7.5 points to 10.3

¹ Excluding cash-outs from equity investments

² Amortization of operating lease obligations shown in financing cash flow

Stabilization measures ensure the Group's going concern

Centrally available liquidity & Stabilization package (undrawn as of Jun 30, '20)



Conclusion

c. EUR 11.8 billion

Total available liquidity as of June 30, 2020

- Group fully funded for the next twelve months
- Enables public market refinancing, two aircraft-backed loans secured in July (EUR 167m)
- Contributes to maintaining the Group's global competitiveness and financial strength

Agenda

01 First Half Year Results 2020

02 Financial Stabilization Package

03 Outlook

Financial Stabilization Package - Key Points

- Stabilization package agreed with the German Economic Stabilization Fund (ESF) **ensures going concern and viability** of the Lufthansa Group
- Result of **intense negotiations** with the ESF and EU Commission
- **Secures the necessary strategic and operational flexibility** of Lufthansa Group in the current challenging environment
- **Preserves integrity** of Lufthansa Group as an **integrated airline group**
- **Balanced approach protecting all stakeholder groups** (shareholders, creditors, customers, business partners, employees, German tax payers)

Key facts around the stabilization package

Key elements of the stabilization package

- **EUR 5.7 billion silent participation**
 - EUR 4.7 billion accounted as equity¹ (“Silent Participation I” and grant in AT)
 - EUR 1.0 billion accounted as financial debt¹, incl. conversion rights for ESF (“Silent Participation II”)
- **EUR 2.0 billion state-guaranteed loans** in Switzerland, Austria and Belgium
- **EUR 1.0 billion syndicated credit facility**, 80% backed by KfW
- **20% direct stake** by the ESF, contributing **EUR 0.3 billion equity**

Additional terms and conditions

- Conditions include, among other, no dividend payments for the time of the stabilization measure, limitations on management compensation, 2 seats on Supervisory Board to be filled in agreement with ESF, commitment to invest in further CO₂ emission reduction
- Except in the event of a takeover, the ESF agrees not to exercise its voting rights at the AGM in connection with the ordinary resolutions of regular AGMs

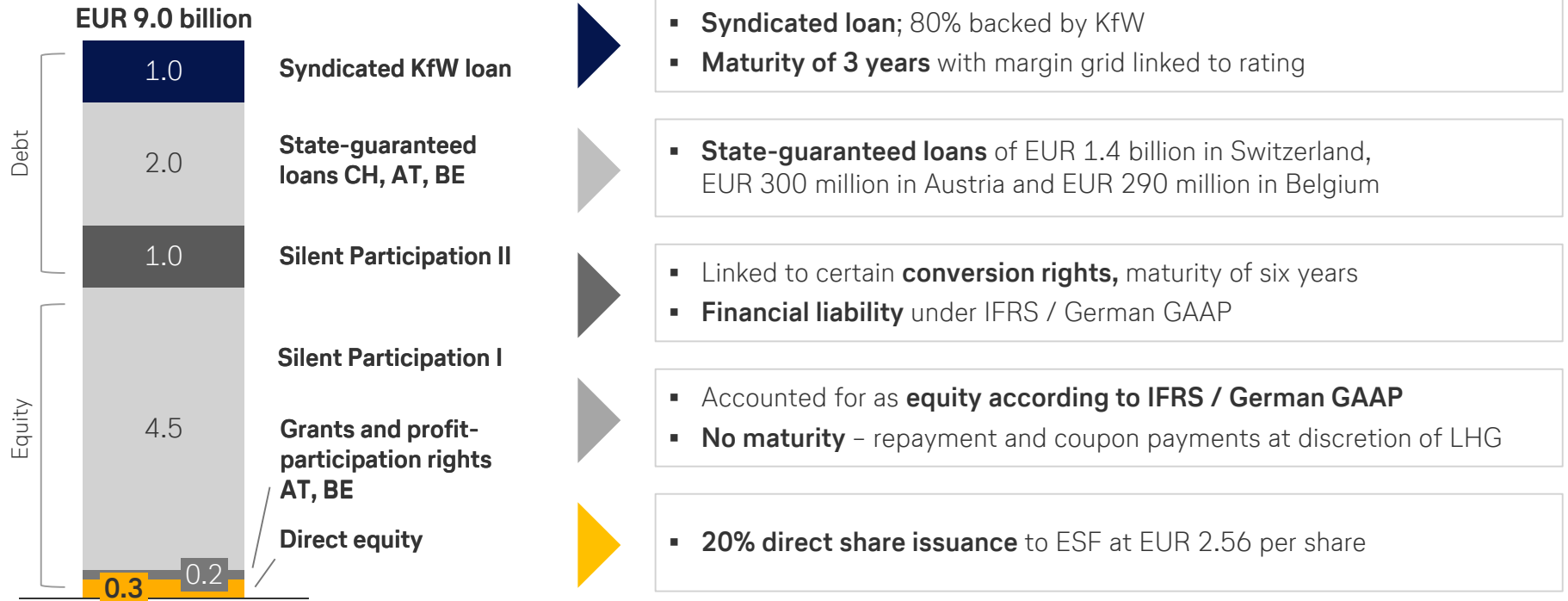
Clear exit perspective

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

Shareholder and regulatory approval

- **Approved by EGM** on June 25, 2020
- **Clearance by EU Commission** received on June 25, 2020

Overview of the ESF stabilization package



Key elements of the silent participation and equity instruments

Silent Participation I and II

▪ Silent Participation I

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

▪ Silent Participation II

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

Share issuance and conversion rights

Direct share issuance

EUR 306
million

- **119.5 million shares** issued at EUR 2.56
- Subject to full repayment of the silent participations and minimum price, obligation by ESF to sell all shares by Dec 31, 2023

Conversion rights of Silent Participation II

EUR 102
million

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

EUR 898
million

- In case of non-payment of Silent Participation I coupons until 2024 (and/or until 2026) right to convert into **5% of share capital**, respectively, at 5.25% discount to market price
- **Dilution protection** for 20% stake in case of a non-pre-emptive capital increase or for 25% stake in case of a takeover, at a 10% discount to market price

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

Syndicated KfW loan with three year maturity

Key terms

EUR 1 billion
syndicated credit facility

3 year
total maturity

Secured
debt instrument backed by aircraft and other assets

Comments

- EUR 1 billion syndicated revolving credit facility with
 - **80%** held and backed by KfW, and
 - **20%** syndicated to a bank consortium
- Loan **backed by shares in Lufthansa's aircraft holding companies**
- Any **proceeds** from capital market financing (both equity or debt) or resulting from a sale of assets / shares in subsidiaries (with few exceptions) shall be used to repay the KfW facility
- Interest rate of EURIBOR plus **3.25% p.a. in 2020** (based on current BB rating by S&P), thereafter between 2.75% and 4.75% depending on credit rating of LH Group
- Support measures in Austria, Belgium and Switzerland **ring-fenced** from KfW facility

Other key terms and conditions of the stabilization package

Board representation

- **2x seats on the Supervisory Board** of LH Group to be filled in agreement with the German government (“Airbus model”), 1x of which is to become a member of the Audit Committee

Voting rights

- Except in the event of a takeover, the ESF agrees **not to exercise its voting rights** at the AGM in connection with the usual resolutions of ordinary AGMs

Dividends and share repurchases

- **No dividend payments** and share repurchases until full exit from the stabilization package

Fleet and emission reduction

- Subject to economic viability and market environment, commitment to invest in further **CO₂ emission reduction** of the fleet
- Investment in up to 80 new aircraft from 2021 to 2023 to modernize the fleet
- Expand strategic cooperation on aircraft fuels from environmentally friendly sources

Management compensation

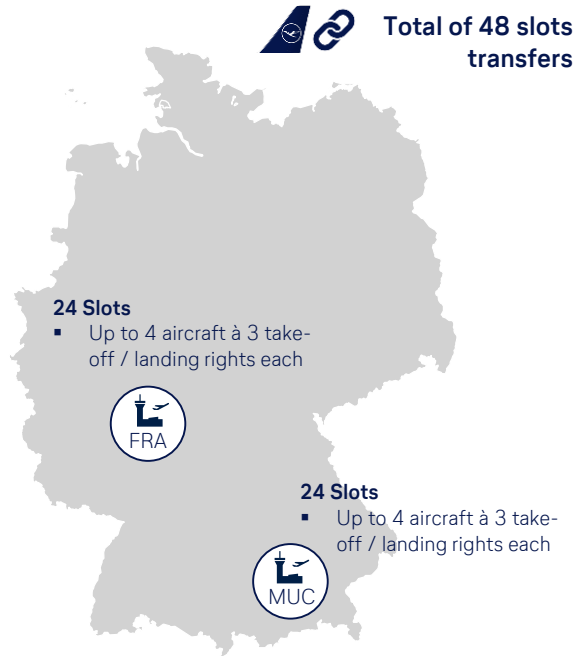
- Restrictions on fixed and variable **management remuneration** until repayment of 75% of the stabilization package

Other

- **Ban on acquisitions of >10% of a target’s share capital** until 75% of the stabilization package has been repaid

Slot remedies agreed with the EU Commission

Overview of slot transfers



Key facts and conditions

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

Agenda

01 First Half Year Results 2020

02 Financial stabilization package

03 Outlook

Lufthansa Group remains the leading European airline group

Sustainable balance of all stakeholders' interests



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

Ambitious targets for the New Normal

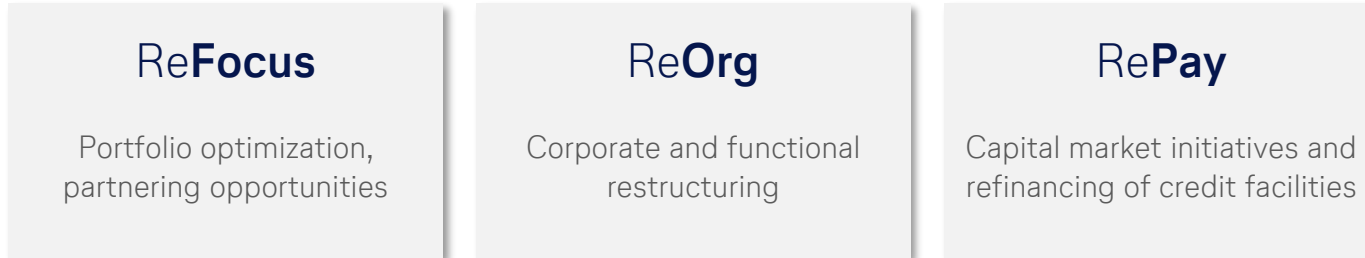


Core elements of the restructuring program ReNew

Business
Units



Corporate



Crisis measures agreed with Vereinigung Cockpit and UFO

Pilots – Vereinigung Cockpit (VC)

- Short-term agreement concluded in August
- Reduced top-up payments for short-time work, compensation adjustments, and reductions in pension benefits until December 2020
- No redundancies until end of March 2021
- Negotiations of crisis agreement including longer-term cost reductions continue

Cabin personnel - UFO

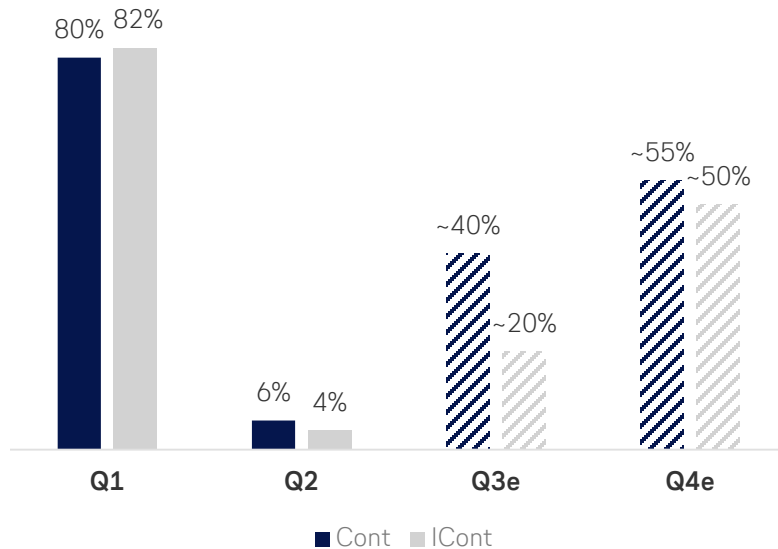
- Long-term agreement concluded in June, confirmed by union members in August
- Savings of more than half a billion euros until the end of 2023
- Suspension of pay increases, reduction in flying hours with a corresponding reduction in pay and temporary reductions in pension contributions
- Package of voluntary measures and severance programs in preparation

Ground staff – ver.di

- Negotiations of long-term crisis agreement aims at 20% reduction of personnel costs
- Discussion on hold since August 12, resumption dependent on improved ver.di offer

Lufthansa Group intends to restore half of its capacity by year-end

Total Capacity LHG Hub Airlines (% of 2019 ASK)



Restoring network width: 95% of continental and 70% of intercontinental destinations by year-end



Stronger focus on touristic: 90% of leisure destination portfolio offered by the end of Q3



Mid-term market development: Quicker recovery in Europe than long-haul, leisure travel returns before business travel

Financial outlook continues to be challenged by the effects of the Corona crisis



- Expansion of flight schedules will moderately reduce cash burn compared to Q2 levels of ca. EUR 550 million
- Restrictions in long-haul business and lower loads and yields expected to result in substantial Adjusted EBIT losses also in H2
- Full year outlook remains highly uncertain: Expectation of significant Adjusted EBIT decline unchanged

Appendix

- supplementary information-

Traffic Data

	Jan	yoy	Feb	yoy	Mar	yoy	Q1	yoy
Passengers in 1,000	9,043	-0.4%	8,799	-2.9%	3,914	-65.3%	21,756	-26.1%
Available seat-kilometers (m)	26,173	-0.6%	24,006	-1.9%	14,117	-50.7%	64,296	-19.1%
Revenue seat-kilometers (m)	20,387	1.5%	18,087	-3.5%	8,625	-62.7%	47,099	-24.0%
Passenger load-factor (%)	77.9	1.6	75.3	-1.2	61.1	-19.5	73.3	-4.7
Available Cargo tonne-kilometers (m)	1,283	-1.4%	1,185	-5.1%	980	-34.9%	3,449	-15.0%
Revenue Cargo tonne-kilometers (m)	746	-3.0%	760	-5.4%	651	-33.5%	2,156	-15.5%
Cargo load-factor (%)	58.1	-0.9	64.1	-0.2	66.4	1.4	62.5	-0.4
Number of flights	83,718	-2.3%	81,157	-2.5%	44,389	-53.8%	209,264	-21.0%

Total Lufthansa
Group Airlines

Group P&L

Lufthansa Group (in EUR m)	Q1 '20	vs. Q1 '19
Revenues	6,441	-18%
Total operating income	6,976	-16%
Operating expenses	8,162	-6%
Of which fees & charges	874	-16%
Of which fuel	1,227	-14%
Of which staff	2,143	-4%
Of which depreciation	680	+4%
Result from equity investments	-34	nmf.
Adjusted EBIT	-1,220	-263%
Adjusted EBIT Margin	-18.9%	-14.6pts.
Adjustments	-402	nmf.
EBIT	-1,622	-372%
Net interest income	-56	+30%
Other financial items	-998	nmf.
EBT	-2,676	-550%
Income taxes	553	618%
Profit / loss attributable to minority interests	-1	86%
Net income	-2,124	-521%

Operating KPIs of Network Airlines by region

Total	Q1 '20
Number of flights	-19.6%
ASK	-18.6%
RPK	-23.9%
SLF	-5.1pts.

Yield	-2.3%
Yield ex currency	-3.9%
RASK	-3.9%
RASK ex currency	-5.5%
CASK ex. fuel, ex. emissions cost	+12.6%
CASK ex currency ex fuel, ex emissions cost	+11.1%

Europe	Q1'20
ASK	-18.6%
RPK	-24.5%
SLF	-5.2pts.
RASK ex currency ¹⁾	-10.2%

Americas	Q1'20
ASK	-15.8%
RPK	-21.2%
SLF	-5.2pts.
RASK ex currency	-8.5%

North America	-12.8%
South America	+5.2%

Asia / Pacific	Q1'20
ASK	-25.5%
RPK	-30.9%
SLF	-6.0pts.
RASK ex currency	-17.8%

Middle East / Africa	Q1'20
ASK	-14.3%
RPK	-17.6%
SLF	-3.0pts.
RASK ex currency	-3.9%

1) Regional RASK are based on regional traffic revenues only

Cash flow statement

Lufthansa Group (in m EUR)	Q1 '20	vs. Q1 '19
EBT (earnings before income taxes)	-2,647	-2,264
Depreciation & amortization (incl. non-current assets)	1,145	+476 ¹
Net proceeds from disposal of non-current assets	6	-12
Result of equity investments	34	+39
Net interest	56	+12
Income tax payments/reimbursements	21	+398 ²
Significant non-cash-relevant expenses / income	1,011	+1,012 ³
Change in trade working capital	1,871	+390 ⁴
Change in other assets / liabilities	-101	-242
Operating cash flow	1,367	-191
Capital expenditure (net)	-642	+637
Free cash flow	725	+446
Adjusted Free cash flow	620	+442
Cash and cash equivalents as of 31.12.19 ¹ less assets held for sale	1,827	+587
Current securities	3,312	+1,234
Total Group liquidity	5,139	+1,821

¹ Excluding fixed-term deposits with terms from three to twelve months (2020: 1m EUR, 2019: 2m EUR)

- 1 Includes regular depreciation and crisis-related impairments
- 2 No tax prepayments in 2020
- 3 Non-cash effect of fuel hedge losses related to options maturing in the remainder of 2020
- 4 Strict cash management

Multi-Year financial overview

Lufthansa Group (in m EUR, as reported)	2015	2016	2017	2018	2019 ¹
Operating KPIs					
RASK ex currency	-3.0%	-5.9%	+1.9%	-0.5%	-2.5%
CASK ex currency, ex fuel ²	+2.4%	-2.5%	-1.8%	-1.7%	-1.5%
Profit & Loss					
Revenues	32,056	31,660	35,579	35,542	36,424
Fuel Cost	5,784	4,885	5,232	6,087	6,715
Adjusted EBIT	1,817	1,752	2,969	2,836	2,026
Adjusted EBIT Margin	5.7%	5.5%	8.3%	8.0%	5.6%
Balance Sheet					
Total Assets	32,462	34,697	35,778	38,213	42,659
Net Financial Debt and Pension Liabilities	9,973	11,065	8,000	9,354	13,321
ROCE	7.7%	9.0%	13.2%	11.1%	6.1%
Cash Flow statement					
Operating Cash Flow	3,393	3,246	5,368	4,109	4,030
Capital expenditure (net)	2,559	2,108	3,251	3,859	3,448
Free Cash Flow ³	834	1,138	2,117	288	203

¹ 2019 reported figures including effects from IFRS 15 treatment of compensation payments, 2017 restated for better comparability

² Adjusted for pension effects in 2016 and 2017 as a result from the change from defined benefit to defined contribution

³ Adjusted free cash flow from 2018 onwards