



LUFTHANSA GROUP

ITA Airways @ LUFTHANSA GROUP

July 05, 2024





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Carsten Spohr, CEO

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EU Commission's ITA deal approval | Attractive transaction rationale for LHG: ITA as a company, Italy as a market, and Rome FCO as a 5 Star hub

LHG



Attractive investment case, broader access to Italian market and resources



ITA

Newly established company with cost-efficient resources



Italy



Most important LHG market outside our home markets and US



Rome FCO



One of Europe's best hubs regarding quality, cost and capacity for growth

Remedy Package | Remedy package addresses concerns of the European Commission while maintaining economic feasibility of the deal

	Concerns of EU Commission	Remedies
Short-Haul	Overlaps on 'neighborhood' traffic between Italy and existing LHG 'home markets' (DE, CH, AT, BE)	New competitor (short-haul remedy taker) <ul style="list-style-type: none">On 10 direct routes for 3 years (~3% of ITA's production in '23)Connectivity to ITA's domestic network
Milan Linate	Strong position of ITA in LIN: joint slot holding of ~60%	Slot divestment of ~10% of LIN slots <ul style="list-style-type: none">~200 slots/week
Long-Haul	Overlaps of ITA with LHG's JV Partners, especially in North America	New or improved (in)direct competition on 3 routes <ul style="list-style-type: none">ROM-WAS, -SFO, -YTO for 3 years(~7% of ITA's intercont production in '23)

Competitors to commit prior to closing

Multi-Hub, -Brand & -AOC strategy | The ITA acquisition is an extension of our strategy that made Lufthansa Group Europe's leading airline group



Customer centricity

- ITA is a strong local brand with **maximum identification**
- New travel options for customers by offering connections via Rome



Internationalization

- Cultural enrichment supports LHG's vision of "Vielfalt"
- Access to further resources strengthens the **Group's global competitiveness**



Growth potential

- Additional 'home market' and important step in **network expansion**
- **Alleviates future capacity restrictions** in existing hubs



Operative stability through redundancies

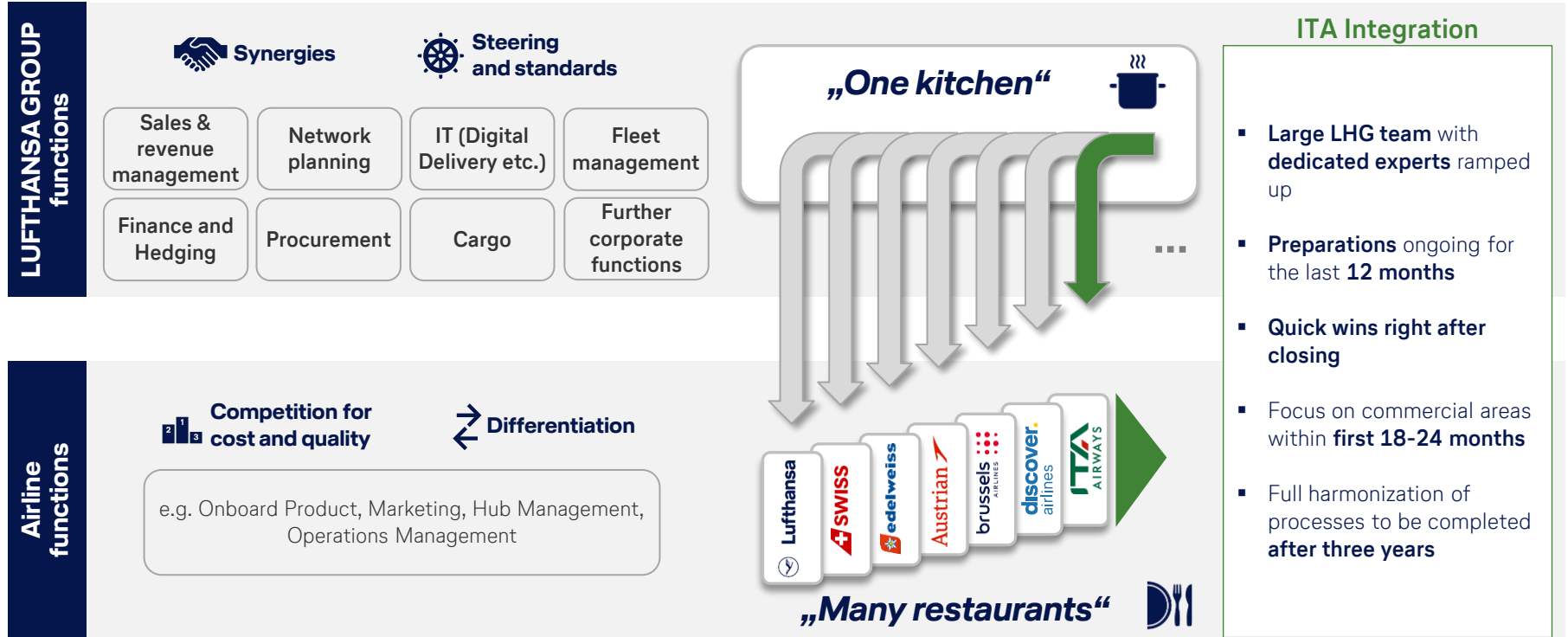
- Steering of traffic flows through another hub
- Increase of **operational resilience** thanks to a multitude of hubs



Geographic flexibility and leverage

- Rome as **scalable 5* hub** providing **growth prospects** at **favorable cost base**
- **Reduces dependency** on single airports and offers access to the South

Integration | Plug and Play system enables fast integration into group



ITA Synergies | Largest part of synergies can be implemented prior to full consolidation

Step 2:
Majority shareholding
after option exercise

Step 1:
Minority shareholding

100%
of synergies

After full consolidation

Central aircraft
ownership

Technical fleet
management & MRO

Financing

2026 - 2027

70-80%
of synergies

Star Alliance &
(JV-) partnerships
integration

Lease & MRO
contract optimization

IT & procurement
harmonization

2025

Network, hub
optimization & code-
share introduction

Commercial offer &
sales harmonization

Lounges and Miles &
More integration

Cargo management
& operational
efficiencies

Options for consolidation

DLH

Call options until
2033

MEF

Conditional puts
(conditional to positive
financial performance)



20-30%
of synergies

Key investment highlights | Investment in ITA Airways will be value accretive for all our stakeholders

Enhanced connectivity

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Improved customer experience

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Loyalty program integration

Expanded career paths

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Improved learning opportunities

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Enrichment of cultural journey

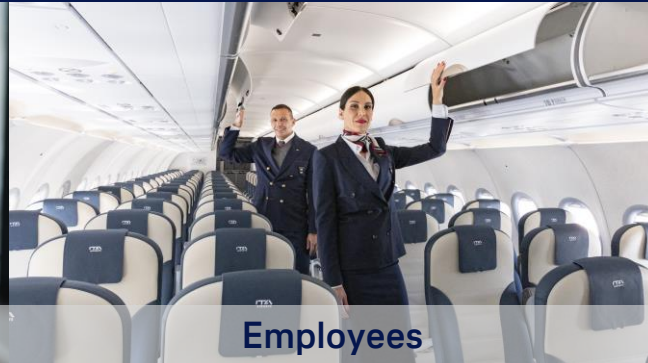
Attractive investment case

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Profitability and synergy trajectory in place

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Risk-mitigating transaction structure



 The integration of ITA Airways takes the multi-hub concept of Lufthansa Group to a new level

Q&A

Appendix

- supplementary information-

Deal Overview | Transaction terms minimize the Group's financial risk and create optionality

Key terms

- Acquisition of **41% of shares** in ITA Airways through a **capital increase**
 - **Investment into the company's equity**, no payment to Italian Ministry of Economy and Finance (MEF)
 - **Capital increase of EUR 325 million** fully financed from available cash-on-hand
 - MEF committed to EUR 250 million cash injection (done in 2023)
 - Transaction expected to **close by year-end 2024**

Governance

- Transaction structure provides for **joint operational control by Lufthansa Group and MEF** immediately after closing
- MEF remains on board to support the execution of the business plan
- **ITA's CEO** and **one other member of the Board of Directors** (5 in total) will be **appointed by Lufthansa Group**

Impact on Group

- **No consolidation of ITA** in Lufthansa Group's financial accounts
- **No impact on credit rating** expected

Clear path to complete takeover

- **Option mechanism** agreed to enable a full takeover by Lufthansa Group in the medium term
- **Risk-based approach:** Acquisition of remaining shares at the discretion of Lufthansa Group and/or dependent on **financial performance relative to the jointly agreed business plan**, reducing negative effects on the overall capital structure of Lufthansa Group as far as possible