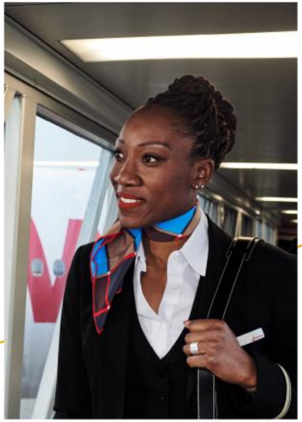
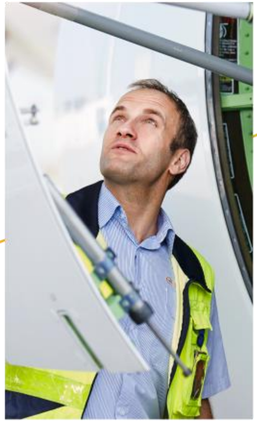
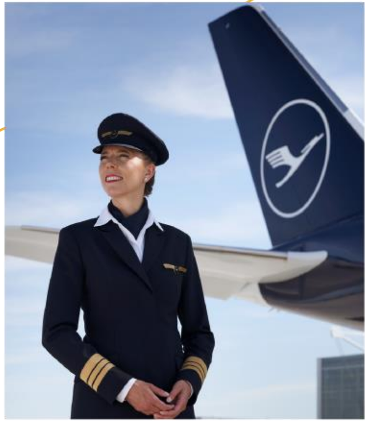
LUFTHANSA GROUP

Investor Presentation

Deutsche Lufthansa AG

September 2024

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Recent Financial Results

Strategy Update

Investment in ITA Airways

Operational and Financial Outlook

Appendix

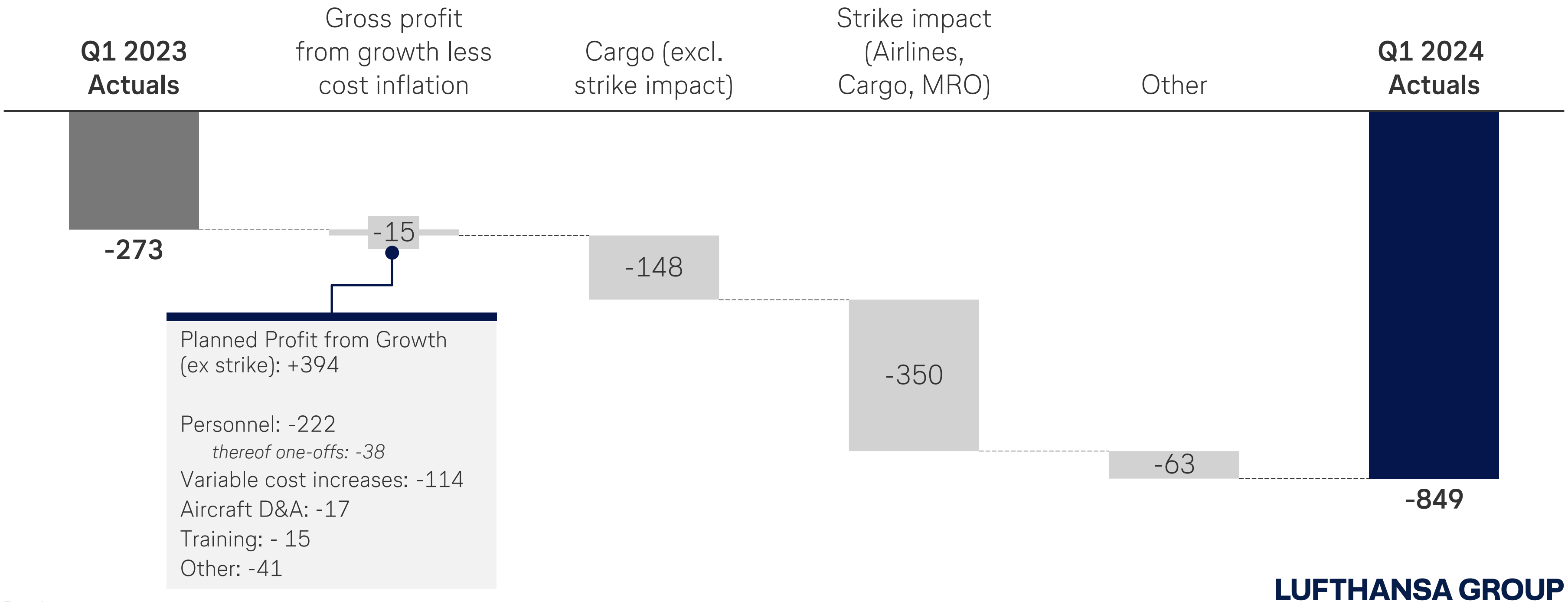
Lufthansa Group achieves third highest operating profit ever in 2023

(in EUR million)	FY23	FY22	Change in %
Revenues	**35,442**	**30,895**	+15
Operating income	**38,429**	**33,268**	+16
Operating expenses	**35,960**	**31,771**	+13
Of which fuel	7,931	7,601	+4
Of which staff	8,310	7,223	+15
Of which depreciation	2,228	2,199	+1
Adjusted EBIT	**2,682**	**1,520**	+76
Adjusted EBIT margin	**7.6%**	**4.9%**	+2.7 pts
EBIT	**2,669**	**1,419**	+88
Net income	**1,673**	**791**	+112
Adjusted Free cash flow	**1,846**	**2,526**	-27

Note: Results of the Catering segment presented in separate line “Result from discontinued operations” (not included in Group Adjusted EBIT, included in net income)

Q1 EBIT loss significantly impacted by strikes and lower Cargo results compared to prior year

Q1 ‘23 to Q1 ‘24 Adjusted EBIT bridge
in EUR million



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Q2 revenues increased by 7% vs. prior year, Adjusted EBIT decreased by 37%

(in EUR million)	Q2'24	Q2'23	Change in %
Revenues	**10,007**	**9,389**	**+7%**
Operating expenses	**9,969**	**9,064**	**+10%**
Of which fuel	2,148	1,934	+11%
Of which staff	2,228	2,062	+8%
Of which depreciation	571	554	+3%
Adjusted EBIT	**686**	**1,085**	**-37%**
Adjusted EBIT margin	**6.9%**	**11.6%**	**-4.7%p**
EBIT	**659**	**1,081**	**-39%**
Adjusted free cash flow	**573**	**589**	**-3%**

Note: Results of the Catering segment presented in separate line "Result from discontinued operations" (not included in Group Adjusted EBIT)

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Passenger Airlines: Inefficiencies at Lufthansa Airlines prevent the Group from fully exploiting its fix cost leverage

		Passenger Airlines		Passenger Airlines excl. LH Airlines		Lufthansa Airlines	
		Q2 '24	vs. PY	Q2 '24	vs. PY	Q2 '24	vs. PY
Total revenue	in EUR million	8,017	+4.5%	3,555	+3.6%	4,514	+5.2%
Adj. EBIT	in EUR million	581	-39.8%	367	-20.2%	213	-58.6%
Adj. EBIT margin		7.2%	-5.4%p	10.3%	-3.1%p	4.7%	-7.3%p
ASK vs. 2019		91.4%	+8.9%p	98%	+8.5%p	86.5%	+9.1%p
CASK[1)]	in EUR cts.	6.2	-0.1%	5.8	-4.5%	6.5	+3.1%
RASK	in EUR cts.	9.4	-5.3%	9.2	-5.8%	9.5	-4.9%

1) Excluding fuel and emission costs

Comments

- Strong capacity increase by around 11% relative to prior year
- Yields decrease by 3.7% year-on-year due to market-wide capacity increases and changes in demand patterns
- RASK suffers also from a lower seat load factor compared to prior year
- CASK profits from improved fixed-cost leverage due to capacity increase
- LHA result impacted by inefficiencies

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Passenger Airlines segment could not benefit from increased demand and revenues since they were offset by lower yields and strike impacts

Q2 2024 Performance	ASK vs. 2019	Revenue [m EUR]	Adj. EBIT [m EUR]	Adj. EBIT margin
Lufthansa Airlines	86.5%	4,514	213	4.7%
SWISS	98.0%	1,665	246	14.8%
Austrian Airlines	92.4%	667	60	9.0%
Brussels Airlines	76.9%	394	11	2.8%
Eurowings	118.6%	829	50	6.0%
Passenger Airlines	**91.4%**	**8,017**	**581**	**7.2%**

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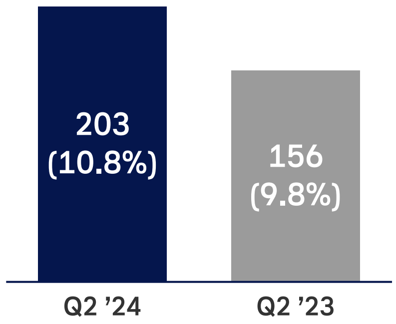
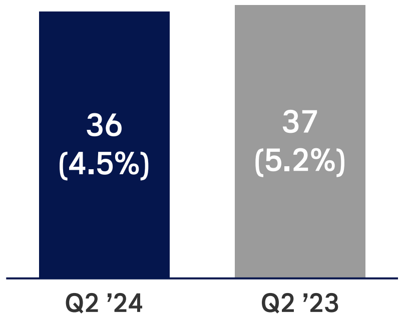
Lufthansa Technik result is record high – Lufthansa Cargo is back on track

Adjusted EBIT/(margin) in EUR million

Lufthansa Technik



Lufthansa Cargo



Comments

- Record results for Lufthansa Technik – strong demand for MRO services offsetting supply chain disruptions and cost inflation
- Cargo profits on same level as prior year – market normalization continuing, with yields staying on a high level and volumes slightly up
- Other segments and group functions with EUR -78 m Adjusted EBIT contribution, previous year figure at EUR -82 m

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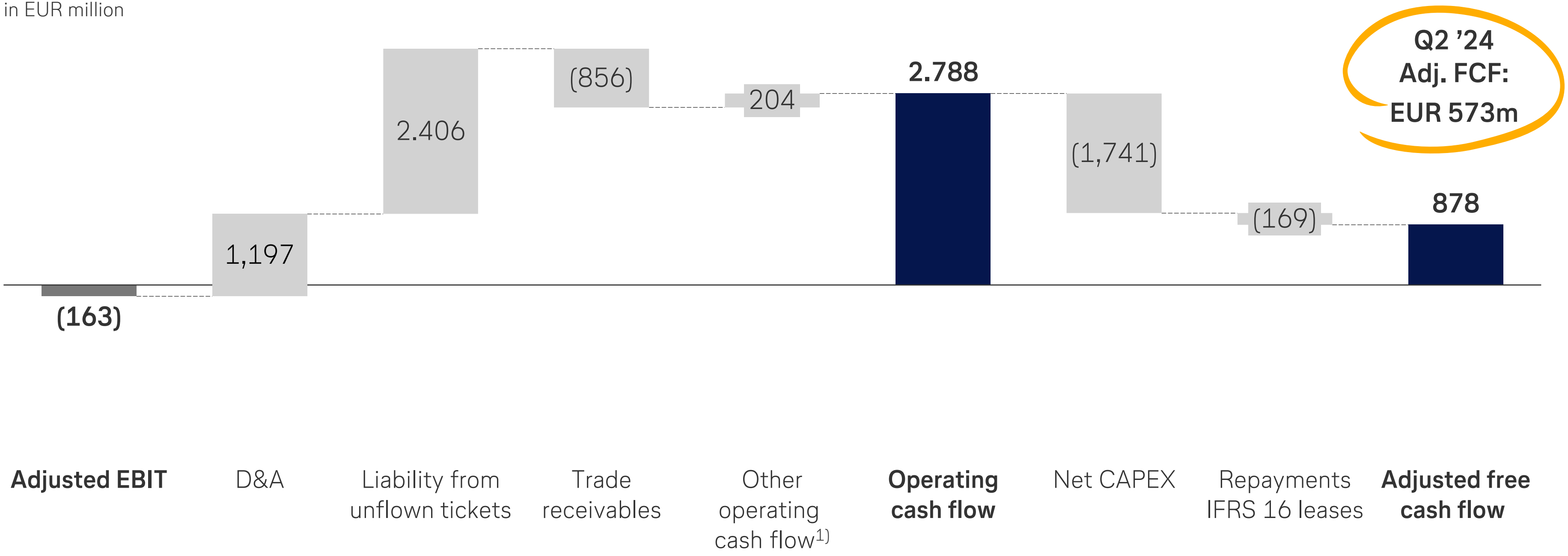
Free cash flow in the first half of 2024 was driven by strong incoming bookings for the summer and CAPEX shift

H1 '24 Adjusted EBIT / Adjusted free cash flow
in EUR million



1) Other trade working capital, other non-cash items, change in other assets & liabilities, tax

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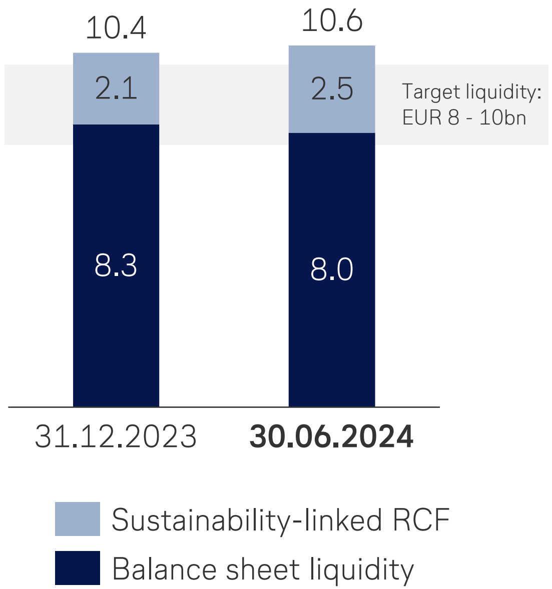
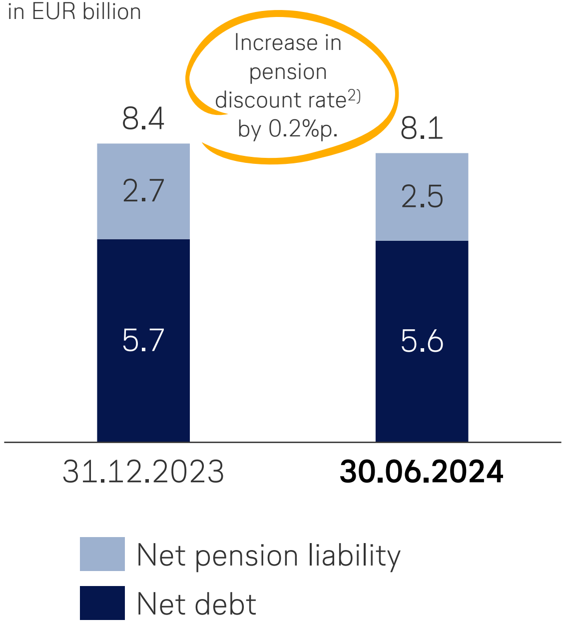
Lufthansa Group continues to have strong liquidity and a robust balance sheet

Liquidity
in EUR billion



Net debt and net pension liabilities[1)]
in EUR billion



Comments

- Leverage ratio of 2.0[3)] – reductions in net debt and pension liability, but also lower earnings
- EUR 8 - 10bn liquidity level – above target level, ensures strong balance sheet
- Liability-driven investment (LDI) implemented – further stabilization of pension obligations

1) Incl. pension plan surpluses which may not be netted according to IFRS (December 31, 2023: EUR 219m; June 30, 2024: EUR 201m)
2) Discount rate in Germany.
3) Adj. net debt incl. pensions / Adj. EBITDA

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Lufthansa Group is delivering on its key strategic priorities

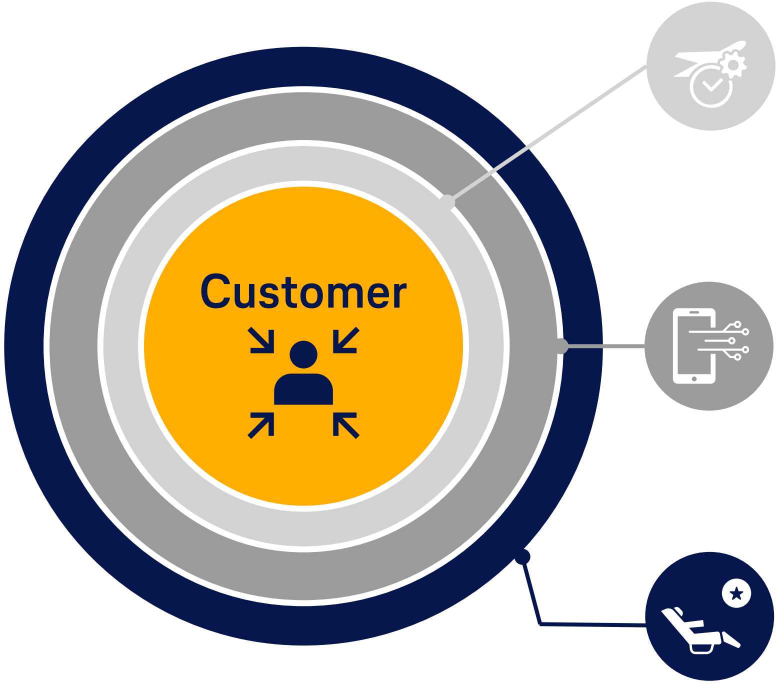
Customer Experience

New Product Generation

Multi-Airline Multi-Hub

Transformation into an Airline Group

Increasing customer satisfaction is our number one priority in 2024



Offer Reliable Operations

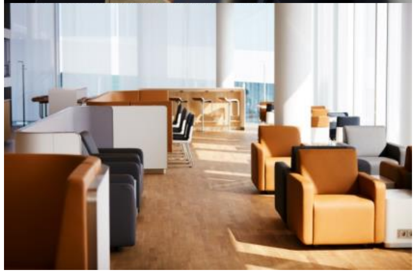
- Schedule regularity
- Punctuality
- Baggage handling

Empower our Customers Digitally

- Seamless digital processes
- Expansion of self-service options
- Online connectivity on-board

Underpin our Premium Positioning

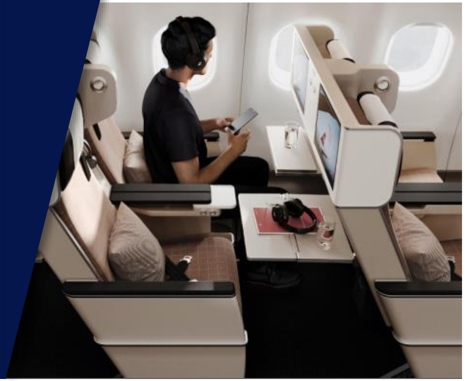
- Rollout of Allegris & Swiss Senses
- Strengthening culinary excellence
- Lounge upgrades and expansion



Comprehensive product and service innovations underline our aspiration to define premium in the European airline industry

EUR 2.5bn Investment in Product & Service by 2025

Enhanced Premium Customer Experience



Lufthansa Allegris

- First flight on May 1st from Munich to Vancouver
- Five Business Class seating options with All-Aisle-Access (AAA)
- First Class Suites and Suite Plus
- >80 new aircraft with Allegris to enter LH fleet

SWISS Senses

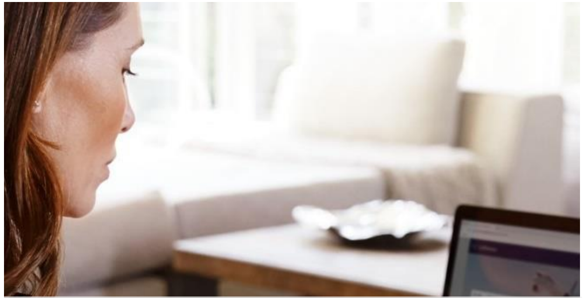
- First, Business and Economy Classes redesigned
- Premium Economy will be retained
- Gradual installation from 2025 onwards
- New Airbus A350-900 with new interior installed

Technological and commercial innovation are key to decarbonization

Technology drives emission reduction

Specific CO_2 emissions: **-2%** FY ’23 vs. ’22

SAF offer on the rise



Rising contribution made by customers

More than one million bookings of Green Fares within the first year (launched in February 2023)

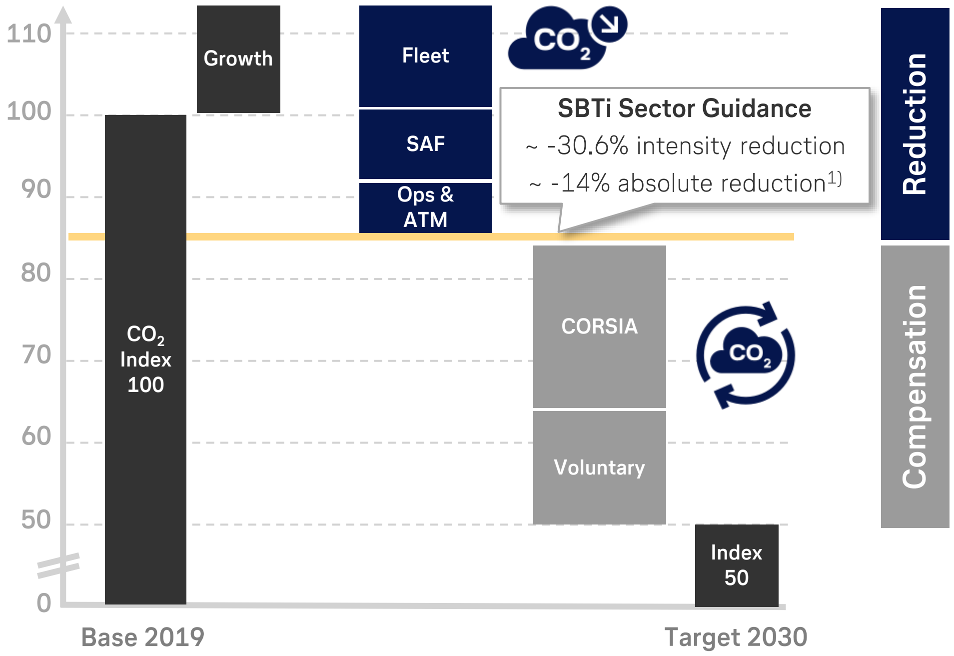
CDP

Among top-ranked airlines in CDP

Received **top score** (A-) in **CDP global climate ranking** in 2023 again

Group's emission reduction targets successfully validated by Science Based Targets initiative (SBTi)

Index LHG CO_2 Emissions (not to scale)



1) Based on current industry growth assumptions

Major levers for CO_2 Reduction: (SBTi relevance)

- Fleet rollover
- Sustainable Aviation Fuel (SAF) usage
- Ops efficiency (incl. ATM)

Compensation: (no relevance for SBTi)

- CORSIA
- Voluntary compensation

First European airline group and second airline group worldwide to receive validation by SBTi

50% less net carbon emissions by 2030

100% carbon neutral on ground by 2030

Net-zero carbon emissions by 2050

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Multi-Hub and Multi-Brand strategy is key for the success of Lufthansa Group

Customer centricity:

- Strong national brands with unique identity
- Customer offering tailored to market-specific needs
- Connected networks offer maximum connectivity

Cost advantages:

Significant synergies through joint sourcing and harmonized operating processes

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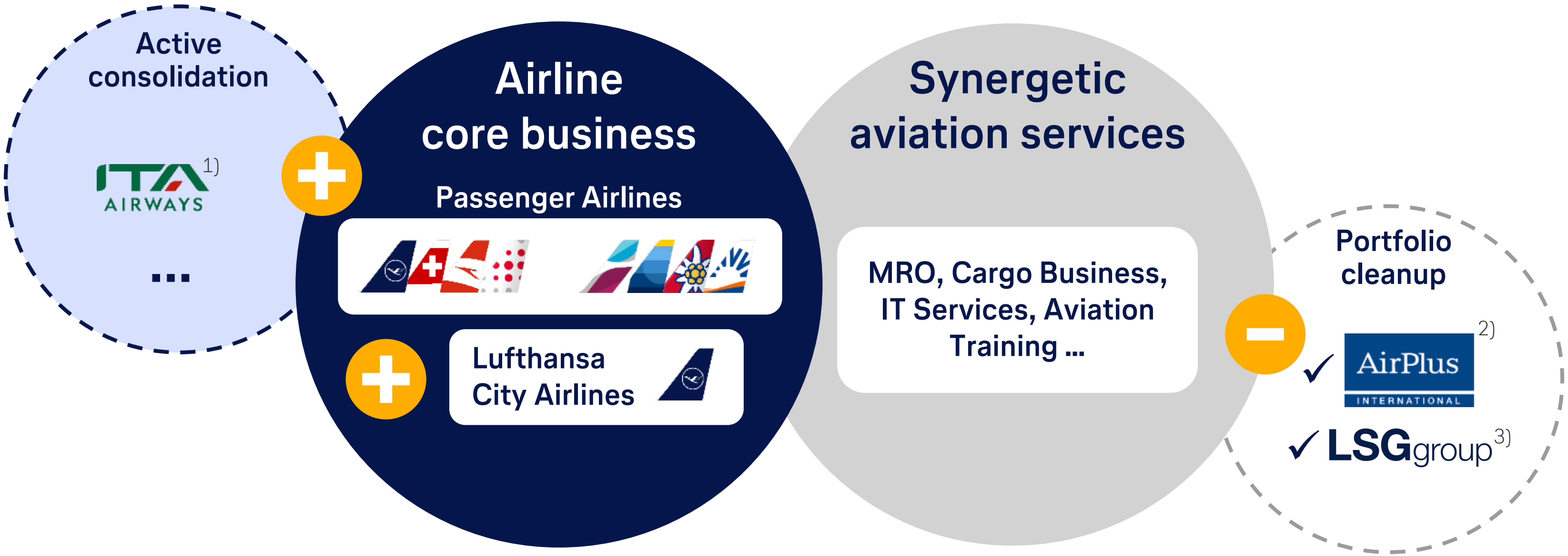
Focus on the synergetic core of the Group further sharpened



Network, Market and Cost Synergies

1) In July 2024, the EU Commission approved the planned acquisition of 41% subject to conditions. The transaction is expected to close by year-end 2024.
2) Closing end of July 2024
3) Closing end of October 2023

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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

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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 commits to EUR 250 million cash injection
	  ▪ 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

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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)** ▪ 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** ▪ **~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** ▪ ROM-**WAS**, -**SFO**, -**YTO** for 3 years ▪ (~7% of ITA’s intercont production in ’23)

Competitors to commit prior to closing

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The ITA acquisition is an extension of our multi-hub, -brand and –AOC 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

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Plug and Play system enables fast integration into Lufthansa Group

LUFTHANSA GROUP functions

Synergies | **Steering and standards**

Sales & revenue management	Network planning	IT (Digital Delivery etc.)	Fleet management
Finance and Hedging	Procurement	Cargo	Further corporate functions

Airline functions

Competition for cost and quality | **Differentiation**

e.g. Onboard Product, Marketing, Hub Management, Operations Management

ITA Integration

- **Large LHG team** with **dedicated experts** ramped up
- **Preparations** ongoing for the last **12 months**
- **Quick wins right after closing**
- Focus on commercial areas within **first 18-24 months**
- Full harmonization of processes to be completed **after three years**

Largest part of synergies can be implemented prior to full consolidation

After full consolidation

Step 2:
Majority shareholding after option exercise

100% of synergies

- Central aircraft ownership
- Technical fleet management & MRO
- Financing

Step 1:
Minority shareholding

2026 - 2027

70-80% of synergies

- Star Alliance & (JV-) partnerships integration
- Lease & MRO contract optimization
- IT & procurement harmonization

2025

20-30% of synergies

- 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)

Recent Financial Results

Strategy Update

Investment in ITA Airways

Operational and Financial Outlook

Appendix

Lufthansa Group making significant improvements to enhance our customer journey

Allegris

- ✓ 4th Allegris aircraft in service
- ✓ 100 aircraft with Allegris in the next four years

3,000+

Service Center employees received further training

Improved airline app

+40% in app users year-on-year

Operational customer communication revised

- ✓ more timely
- ✓ more precise
- ✓ more consistent

300+

new employees for customer live chats to complement Chatbots

Improved baggage tracing at

50+

stations worldwide

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Lufthansa Technik will continue its unprecedented track record as key source of value creation by “Ambition 2030”

Global expansion

Main target: remain global MRO leader – underlined by global production expansion: projects in Europe, America and Asia

Digital push

TechOps ecosystem expanded into reliability solutions, campaign to develop first digitally-enabled MRO products

Defense business

Partnerships to strengthen defense business. Target platforms: Chinook helicopter, F-35 Jet, civil derivatives (e.g., P8 Poseidon), drones

Strategic supplier

Worldwide leading MRO provider Lufthansa Technik continues to be a strategic asset, ensuring best possible operational stability for Lufthansa Group Airlines

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Fuel cost expectation decreased by EUR 0.2 bn compared to April guidance of EUR 8.3 billion

LH fuel price exposure is well hedged[1] in 2024

as of July 26	Q3	FY 2024
Hedge ratio[2] (%)	82	**82**
Jet fuel price after hedge (in USD per metric ton)	905	**911**
Jet fuel volume (in million Tons)	2.7	**9.6**
Expected fuel expense (in EUR billion)[3]	2.3	**8.1**

Expected fuel price sensitivity after hedging (FY 2024)

LH mixed JET price in USD/to.

Avg. market price crude oil [4] (for months not yet realized)	10.500	15.500	20.500	25.500	30.500
120	937	945	952	960	969
110	930	937	945	952	960
100	921	930	938	945	953
90	905	919	930	938	946
80	885	897	911	924	934
70	863	873	883	896	911
60	842	856	868	878	889
50	811	828	844	858	869
40	777	794	811	828	843

Avg. market price jet crack [5]
(for months not yet realized)

1) Passenger Airlines and Logistics (as of July 26, 2024), including existing hedges and into plane cost assuming stable EURUSD rate of 1.085 USD/EUR
2) Hegde ratio for remaining FY 2024 comprises 46% hedge on gasoil and 36% hedge on Brent.
3) Depicted fuel expenses do not include cost related to voluntary SAF which are estimated at approx. $40m for FY2024.
4) Average 2024 Brent ICE Crude oil future in USD/barrel (July 26, 2024: 79.69 USD/bbl)
5) Average 2024 Jet Crack Future (July 26, 2024: 20.58 USD/bbl)

Full year outlook assumes an unchanged capacity and cost guidance, while Adjusted EBIT range mainly depends on RASK variability

	Q3 2024	FY 2024
Capacity[1)]	~96% of 2019	~92% of 2019 (including reductions in winter schedule)
RASK	Low single-digit decline vs. PY	Low to mid single-digit decline vs. PY
CASK (ex fuel and emission costs)	Low single-digit increase vs. PY	Low single-digit increase vs. PY (flat without strikes)
Adj. EBIT	Decline vs. PY	EUR 1.4 – 1.8bn

1) ASK planning based on current A/C delivery schedule

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Recent Financial Results

Strategy Update

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Operational and Financial Outlook

Appendix

Traffic Data

		Apr	vs. 2023	May	vs. 2023	Jun	vs. 2023	Q2	vs. 2023	vs. 2019
Total Lufthansa Group Airlines	Passengers in 1,000	11,081	8.3%	12,219	8.7%	12,640	6.9%	35,939	7.9%	-9.1%
	Available seat-kilometers (m)	27,491	10.6%	29,652	12.5%	29,802	9.2%	86,945	10.7%	-8.6%
	Revenue seat-kilometers (m)	22,298	9.4%	24,012	10.9%	25,150	8.1%	71,460	9.4%	-9.8%
	Passenger load-factor (%)	81.1%	-0.9%p	81.0%	-1.1%p	84.4%	-0.8%p	82.2%	-1.0%p	-1.1%p
	Available Cargo tonne-kilometers (m)	1,425	14.5%	1,505	17.6 %	1,537	17.5%	4,467	16.5%	-0.7%
	Revenue Cargo tonne-kilometers (m)	826	13.4%	841	19.1%	870	19.9%	2.537	17.4%	-6.4%
	Cargo load-factor (%)	58.0%	-0.6%p	55.9%	0.7%p	56.6%	1.1%p	56.8%	0.4%p	-3.5%p
	Number of flights	86,322	7.1%	94,070	8.3%	92,262	4.7%	272,654	6.7%	-13.5%

Lufthansa Group - Publications - Traffic Figures

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Operating KPIs of Passenger Airlines by region vs. 2023 (unless stated otherwise)

Total	Q2'24
Number of flights	+6.5%
ASK	+10.7%
RPK	+9.4%
SLF	-1.0%p
Yield	-3.7%
Yield vs 2019	+20.1%
Yield ex currency vs 2019	+20.3%
RASK	-5.3%
RASK ex currency vs 2019	+18.7%
CASK ex. fuel, ex. emissions cost	-0.1%
CASK ex. fuel, ex. emissions cost vs 2019	+16.1%
CASK ex currency, ex fuel, ex emissions cost vs 2019	+16.2%

Europe	Q2'24
ASK	+10.2%
RPK	+10.0%
SLF	-0.2%p
RASK incl. currency[1]	-3.9%

Asia Pacific	Q2'24
ASK	+20.6%
RPK	+19.5%
SLF	-0.8%p
RASK incl. currency[1]	-10.7%

Americas	Q2'24
ASK	+13.6%
RPK	+9.8%
SLF	-2.9%p
RASK incl. currency[1]	-5.6%
North America	-5.7%
South America	-6.6%

Africa / Middle East	Q2'24
ASK	-8.3%
RPK	-6.8%
SLF	+1.3%p
RASK incl. currency[1]	+1.2%

1) Regional RASK are based on regional traffic revenues only

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Calculation of operational airline KPIs

Passenger Airlines, Q2 2024

Yield

1) Traffic revenues (€m)	7,556
2) Not assignable (€m)	695
= 3) Basis for Yield (1)–(2) (€m)	6,861
4) RPK (m) [1]	71,460
Yield (3/4)*100 (€c)	**9.6**

RASK

1) Total Revenues (€m)	8,017
2) Other operating income (€m)	248
3) Reversal of provisions (€m)	48
4) FX losses (€m)	-65
= 5) Basis for RASK (1)+(2)–(3)+(4) (€m)	8,152
6) ASK (m) [2]	86,945
RASK (5/6)*100 (€c)	**9.4**

CASK

1) Total operating expenses (€m)	-7,686
2) Reversal of provisions (€m)	48
3) FX losses (€m)	-65
4) Fuel expenses (€m)	-2,050
5) Emission Trading (€m)	-125
= 6) Basis for CASK (1)+(2)–(3)–(4)–(5) (€m)	-5,398
7) ASK (m) [2]	86,945
CASK –(6)/(7)*100 (€c)	**6.2**

1) RPK: Revenue Passenger Kilometers, [2] ASK: Available Seat Kilometers

Group P&L

Lufthansa Group (in EUR m)	Q2'24	vs. Q2'23
Revenues	10,007	+7%
Total operating income	10,632	+5%
Operating expenses	9,969	+10%
Of which fees & charges	1,326	+10%
Of which fuel	2,148	+11%
Of which staff	2,228	+8%
Of which depreciation	571	+3%
Result from equity investments	23	nmf.
Adjusted EBIT	686	-37%
Adjusted EBIT Margin	6.9%	-4.7%pts
Adjustments	-27	-575%
EBIT	659	-39%
Net interest income	-38	+54%
Other financial items	-49	nmf.
EBT	572	-46%
Income taxes	-99	-47%
Profit / loss from discontinued operations	0	-100%
Profit / loss attributable to minority interests	-4	nmf.
Net income	469	-47%

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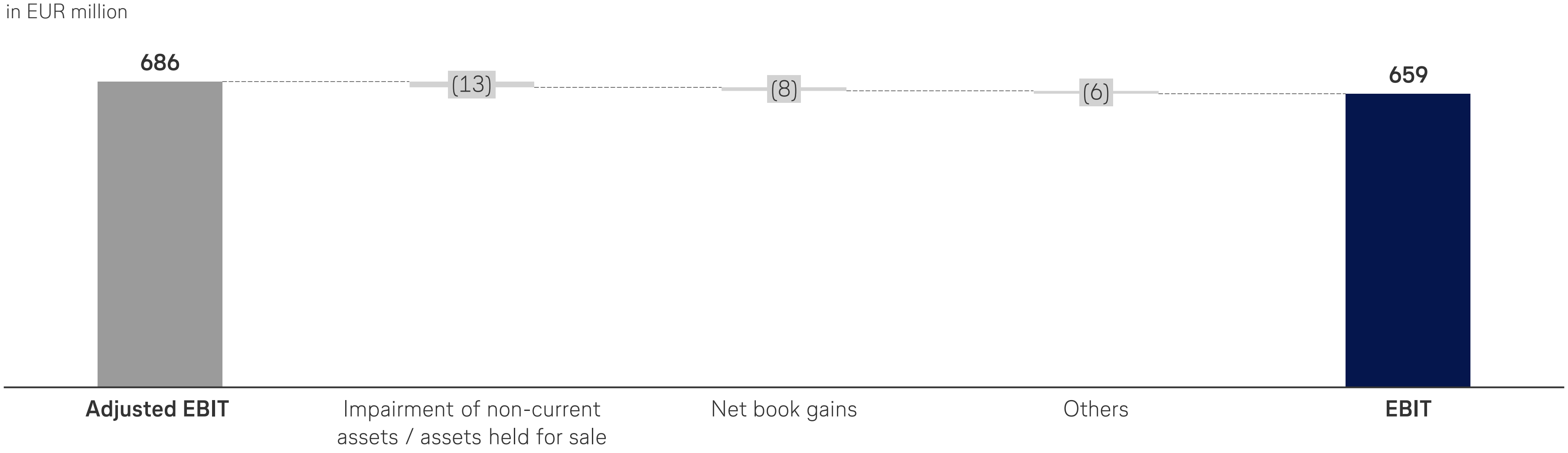
EBIT / Adjusted EBIT bridge Q2 2024



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Cash flow statement

Lufthansa Group (in m EUR)	Q2' 24	vs. Q2' 23	
EBT (earnings before income taxes)	**572**	**-489**	1
Depreciation & amortization (incl. repairable MRO materials)	608	+46	
Net proceeds from disposal of non-current assets	8	+24	
Result of equity investments	23	+28	
Net interest	-38	+44	
Income tax payments/reimbursements	-15	+84	
Significant non-cash-relevant expenses / income	-5	+82	
Change in trade working capital	544	+412	2
Change in other assets / liabilities	-250	-104	
Operating cash flow	**1,477**	**-42**	
Capital expenditure (net)	-814	17	3
Free cash flow	**663**	**-25**	
Adjusted Free cash flow	**573**	**-16**	
Cash and cash equivalents as of 30.06.2024 excl. assets held for sale	1,634	+392	
Current securities	6,393	-1,090	
Total Group liquidity	8,027	-698	

1 Significant decrease in the operating result compared to the previous year

2 Stronger increase in liabilities from growing business activities

3 Mainly related to new aircraft deliveries and capitalized maintenance events

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Multi-year financial overview

Lufthansa Group (in EUR million, as reported)	2016	2017	2018	2019[1]	2020	2021	2022[4]	2023
Operating KPIs (change vs. prior year)								
RASK ex currency	-5.9%	+1.9%	-0.5%	-2.5%	-26.7%	-6.1%	-6.1%	+11.0%
CASK ex currency, ex fuel[2]	-2.5%	-1.8%	-1.7%	-1.5%	+84.6%	-25.8%	-25.8%	+2.3%
Profit & Loss								
Revenues	31,660	35,579	35,542	36,424	13,589	16,811	30,895	35,442
Fuel Cost	4,885	5,232	6,087	6,715	1,875	2,409	7,601	7,931
Adjusted EBIT	1,752	2,969	2,836	2,026	-5,451	-1,666	1,520	2.682
Adjusted EBIT Margin	5.5%	8.3%	8.0%	5.6%	-40.1%.	-9.9%	4.9%	7.6%
Balance Sheet								
Total Assets	34,697	35,778	38,213	42,659	39,484	42,538	43,335	45,321
Net Financial Debt and Pension Liabilities	11,065	8,000	9,354	13,321	19,453	15,563	8,864	8,358
Adjusted ROCE	7.0%	11.9%	10.6%	6.6%	-16.7%	-7.4%	7.6%	13.1%
Cash Flow statement								
Operating Cash Flow	3,246	5,368	4,109	4,030	-2,328	399	5,168	4,945
Capital expenditure (net)	2,108	3,251	3,859	3,448	962	1,119	2,286	2,811
Free Cash Flow[3]	1,138	2,117	288	203	-3,669	-1,049	2,526	1,846

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
4) 2022 figures have been adjusted for discontinued operations (segment catering).

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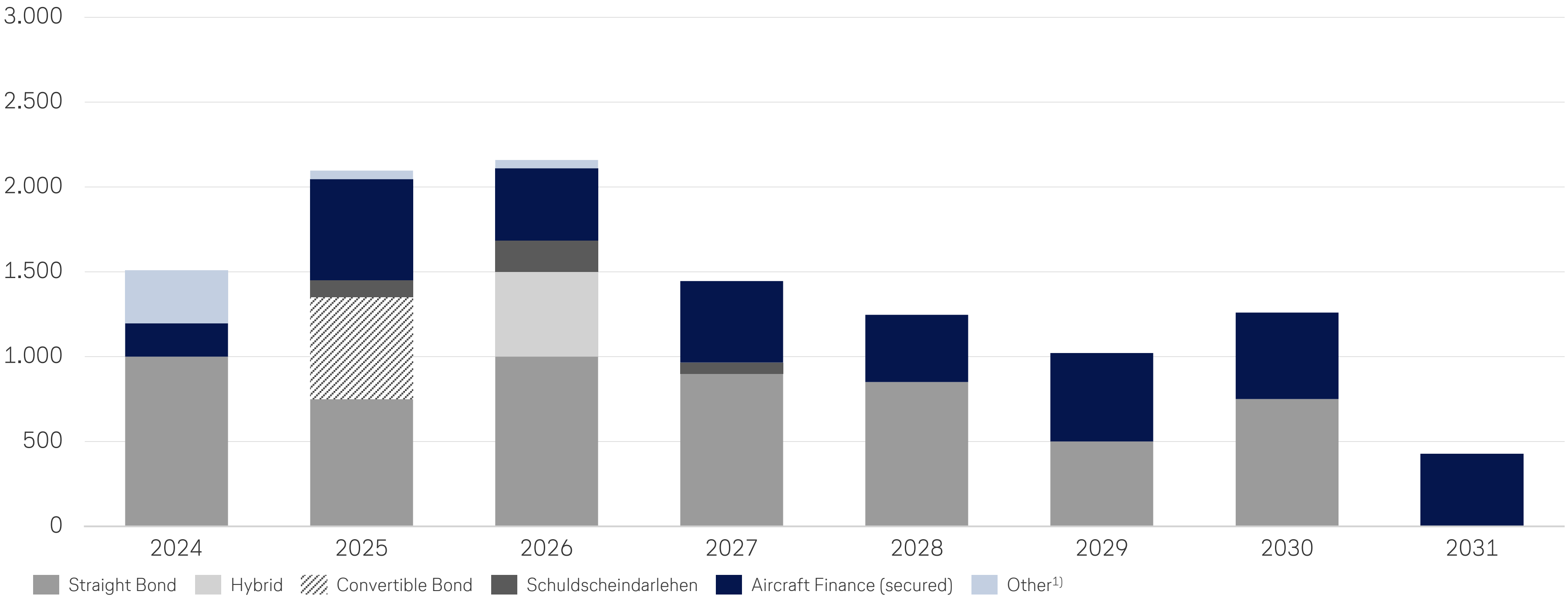
Maturity profile of borrowings as of June 30, 2024



1) Mainly bilateral loans – does not include operating lease payments; as drawn on June 30 - including AirPlus ABCP program

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