



LUFTHANSA GROUP

Lufthansa Group

Accelerating our Transformation

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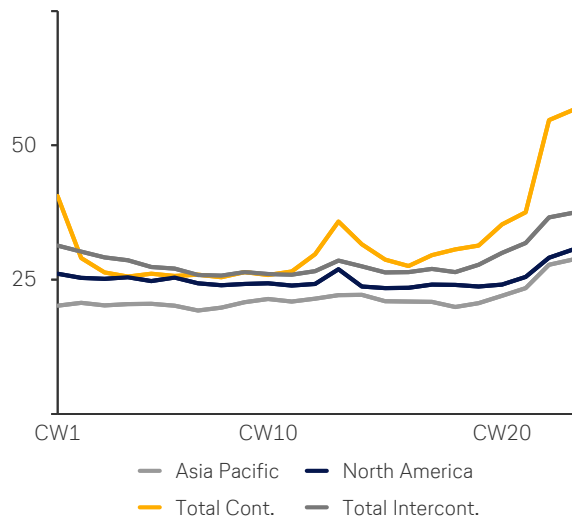
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Gradual market reopening has led to a sharp increase in bookings

Air travel has started to recover...

Global Airline Industry – Weekly ASK EU - World
In % of 2019 ASK

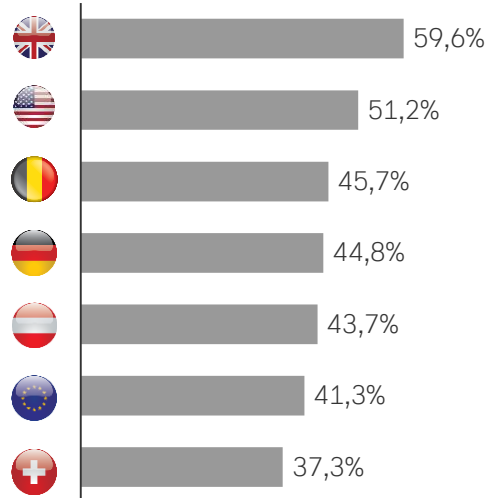


Source: IATA, Our World in Data

...supported by increasing progress on vaccine roll-out...

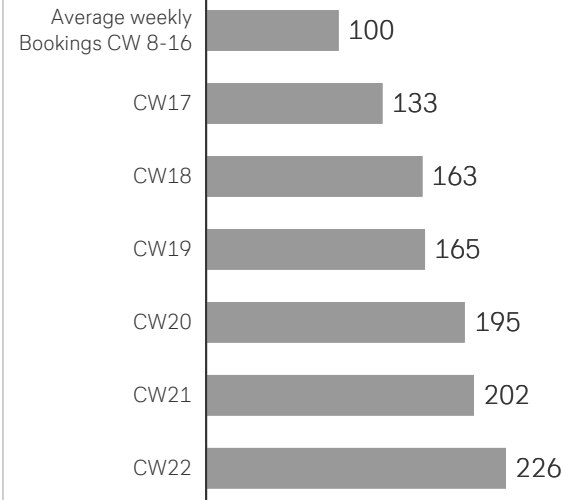
Share of people with at least one dose of COVID-19 vaccine

As of 7 June 2021, sourced from Our World in Data

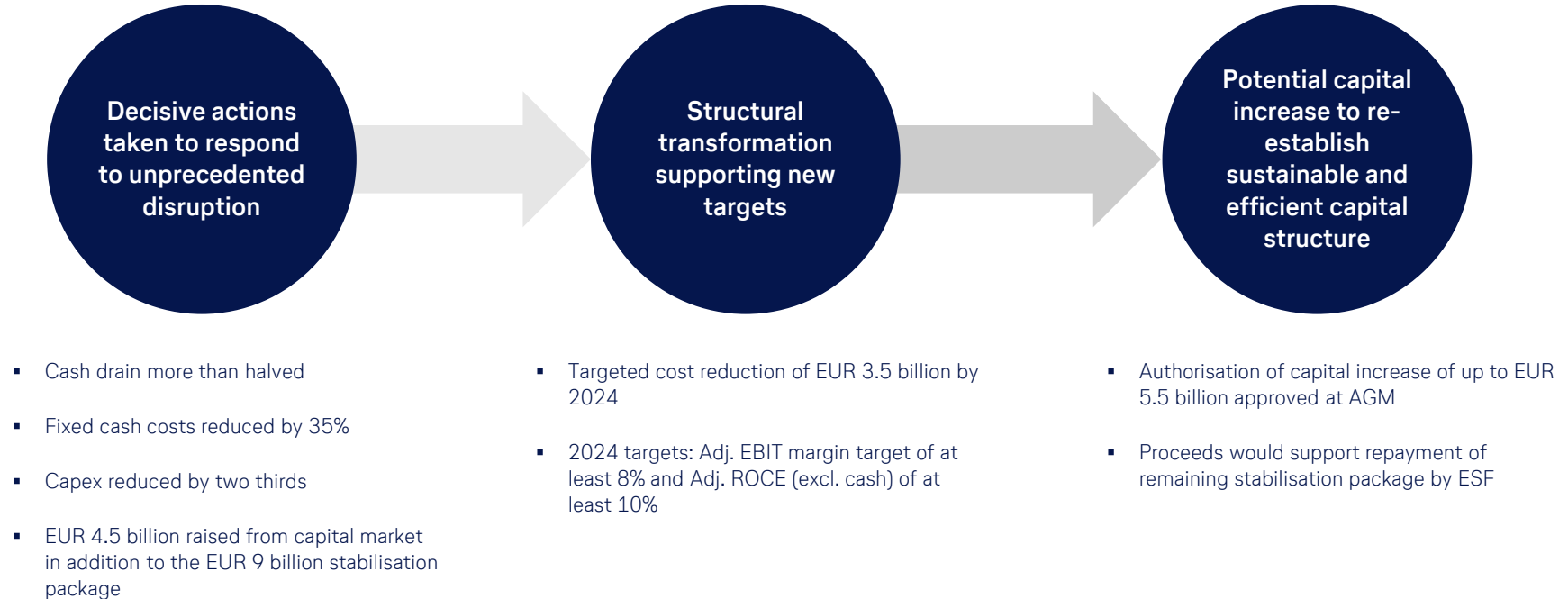


...leading to the release of pent-up demand

Lufthansa Group weekly booking numbers
Rebased to 100% for average weekly bookings in CW 8-16



Lufthansa repositioned for the recovery



Crisis requires long-term restructuring to right-size business for future

Targeted cost reduction¹ by 2024 compared to 2019: EUR 3.5 billion



Main drivers

A

Personnel cost
reduction

B

Operational
simplification &
overhead reduction

C

Fleet
modernization &
standardization

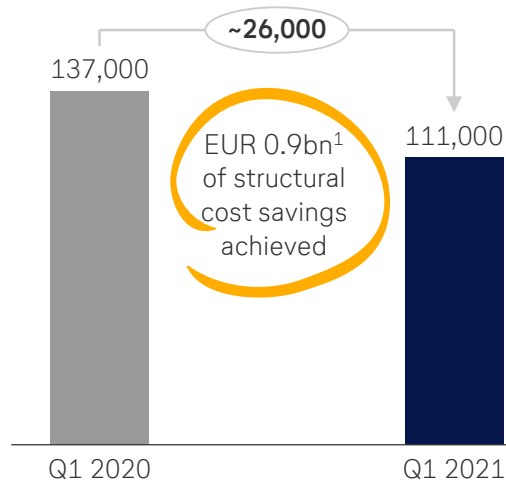
¹ 2024 versus 2019, based on 2024 CASK outlook for Group Airlines (low- to mid-single digit percentage decline versus 2019, see p. 23) and cost saving expectations for non-airline segments, amount refers to gross savings (before counter effects and excluding variable cost declines related to lower capacity/volumes), calculation excludes fuel and emission-related costs

Around half of personnel cost reduction already achieved

A

Achieved headcount reduction

Lufthansa Group headcount



Path to additional cost savings clearly defined in Germany

2020	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cabin: Long-term agreement with UFO for Lufthansa German Airlines (until end of 2023)								
Cockpit: Agreement with VC (until end of Q1 2022) ²					Long-term agreement targeted			
Ground staff: Agreement with ver.di (until end of 2021) ³					Long-term agreement targeted			
Voluntary leave programs for all employee groups ⁴								
Negotiation of several social plans / reconciliation of interests (based on German Labor law)					Forced dismissals			
Reduction of up to 10,000 positions or corresponding costs to be achieved through a combination of union agreements, voluntary leaves and forced dismissals								

Structural annual cost savings of EUR 1.8 billion expected from 2023 onwards compared to 2019

¹ excl. effects from divestment of LSG Europe ² for Lufthansa German Airlines, LH Cargo, LH Aviation Training and Germanwings ³ covers all large German entities (Lufthansa German Airlines, LH Cargo, LH Technik) except Eurowings ⁴ first programs implemented for cabin crew & ground staff, cockpit program in negotiation

Operational simplification and overhead reduction across the Group

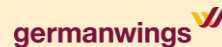
B

**Reduction of
organizational
complexity**

Closure of **SunExpress
Deutschland**



Discontinuation of passenger
flight operations at
Germanwings



Closure of multiple
other bases and sites

**Improvement of
operational efficiency**

**Increased synergies
through harmonization** of
aircraft maintenance and other
operational procedures

**Digitalization and
“cloudification”** of
operations steering &
planning

Reduction in number of
IT systems in flight and
ground operations
by **50%**

**Rationalization of
overhead and other
costs**

30% reduction of
office space

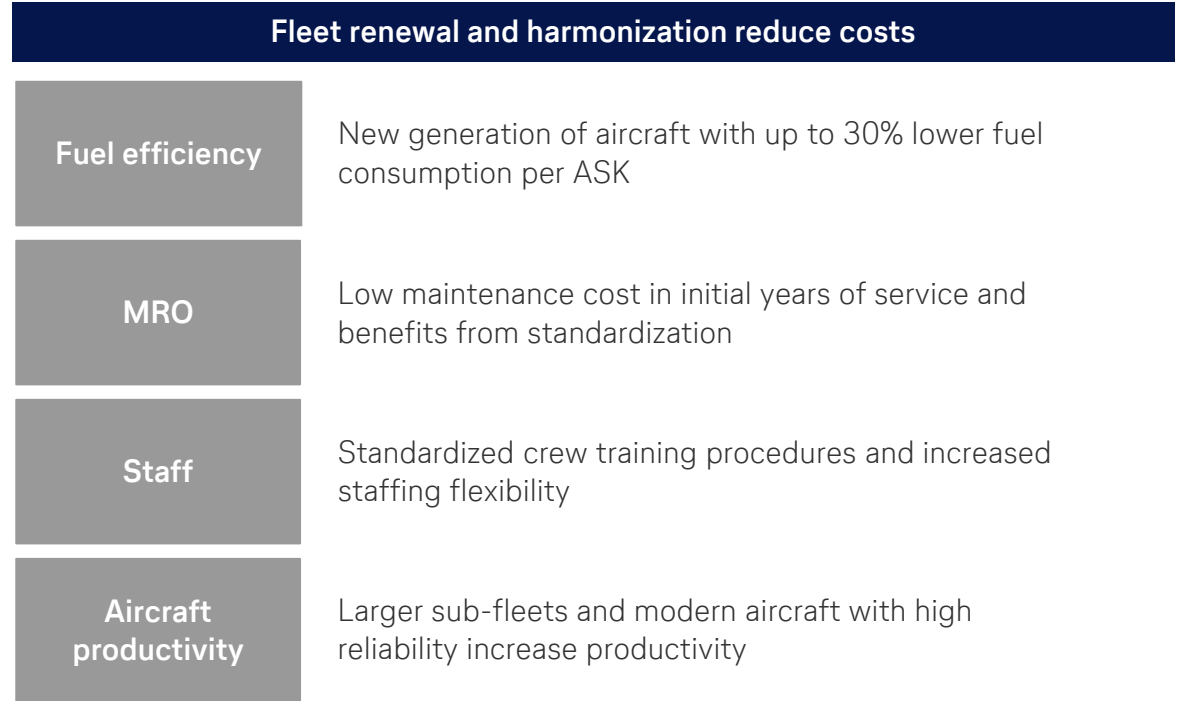
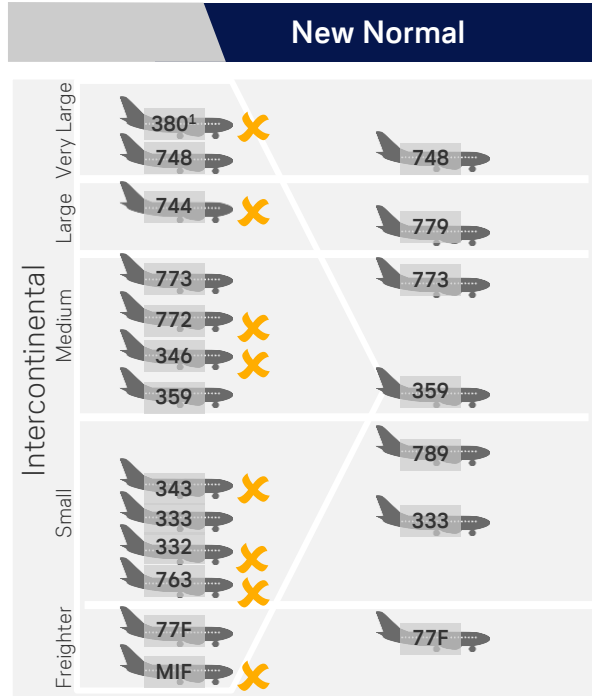
Reduction of
external consultancy
fees

Renegotiation
of key supplier
contracts

**Lower
marketing
expenses**

Accelerated fleet restructuring will reduce complexity and costs

C

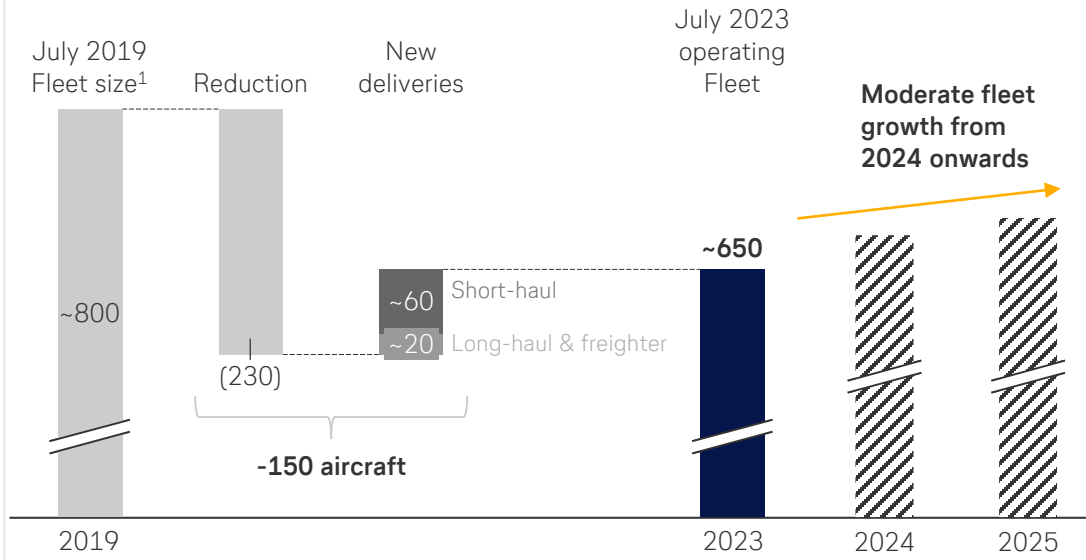


¹ A380 in long-term storage

Ongoing fleet modernization despite reduced investment to strengthen free cash flow

Reduction of fleet size before resumption of moderate growth...

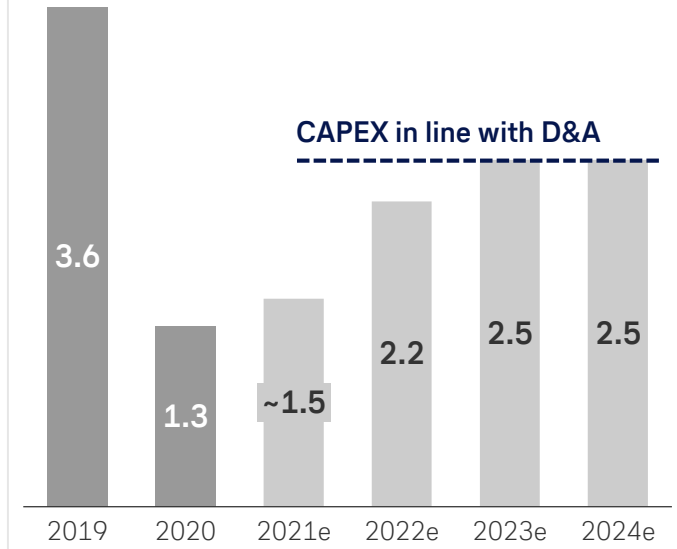
Number of aircraft in Group



...with CAPEX far below pre-crisis levels

Lufthansa Group Gross Investments²

in EUR billion



¹ Total fleet containing asset fleet and wet-leases, ² Excluding cash-outs from equity investments

Group transformation accelerated – Lufthansa Group is well positioned to seize opportunities ahead

Capturing Market Opportunities

Enhancing our offering to secure share in strategic markets and capitalize on the shape of the recovery



Enhancing Customer Centricity

Delivering an individual and seamless customer experience to stimulate demand and loyalty



Accelerating Digitalization

Digitalizing the Group to drive superior customer experience, revenue quality and efficiency



Underlining Commitment to Sustainability

Driving technological innovation to make aviation sustainable



Optimizing our Ways of Working

Streamlining our processes and portfolio



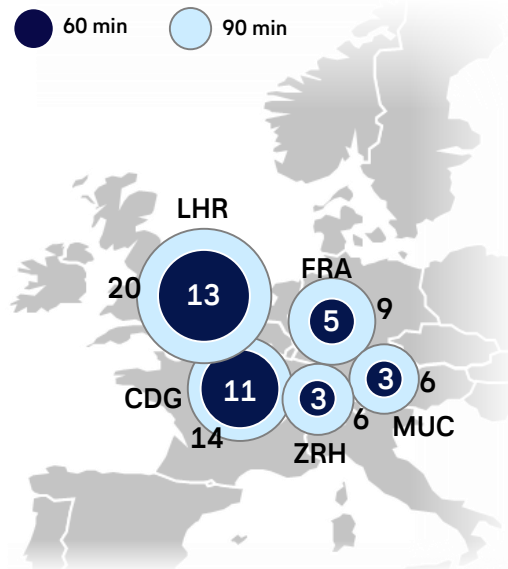
Multi-hub strategy caters to the unique structure of the Group's home markets

Decentralized home markets...

Inhabitants in million, who reach airport within

60 min

90 min



...require high share of feeding

Transfer-Share

FRA



Lufthansa

70%

Transfer-Share

CDG



AIRFRANCE

50%

Transfer-Share

LHR



BRITISH AIRWAYS

30%

Unique characteristics

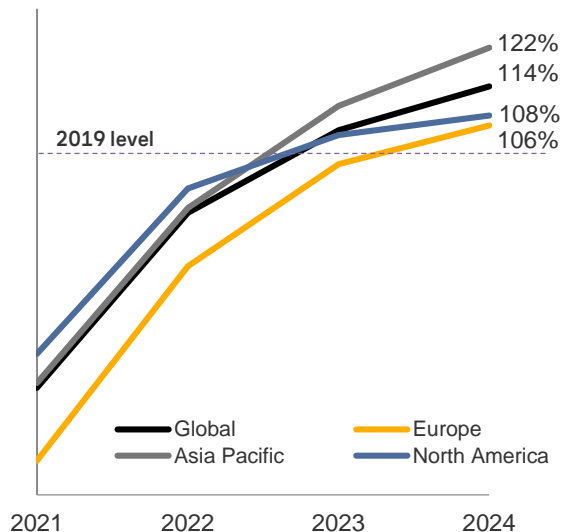
- **Economically strong and regionally diversified home markets** – the regional dispersion of GDP requires the bundling of traffic flows in multiple hubs
- **Long-haul requires short-haul** – best-in-class feeder network with strong market presence in Europe
- **For the benefit of customers** – crisis-related fall in passenger volumes favors hub over point-to-point traffic, adds to existing advantages of hub model in terms of connectivity and customer choice

Well exposed to Transatlantic recovery - supplemented by future Asian growth potential

Passenger Recovery by Region

Expected Passenger Recovery by Region (IATA)

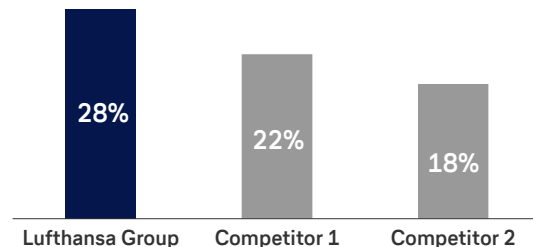
PAX (% of 2019)



North America to Ramp-Up Quicker

- Demand on North American routes expected to benefit from fast vaccine rollout in the US
- Joint Venture with United and Air Canada enhances presence and increases exposure to high-yielding US point of sale and corporate travel rebound

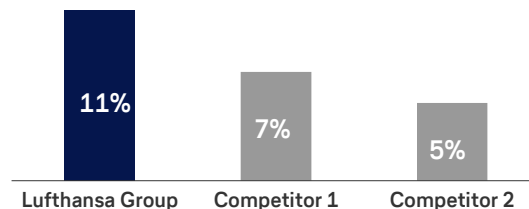
2019 Europe / North Atlantic Market Share¹



Longer Term Asian Growth Potential

- Participation in long-term Asian passenger recovery ensured through established JVs with leading APAC partners, supported by Star Alliance leadership
- Significant mid to long-term upside potential driven by structural growth

2019 Europe / Asia Market Share¹

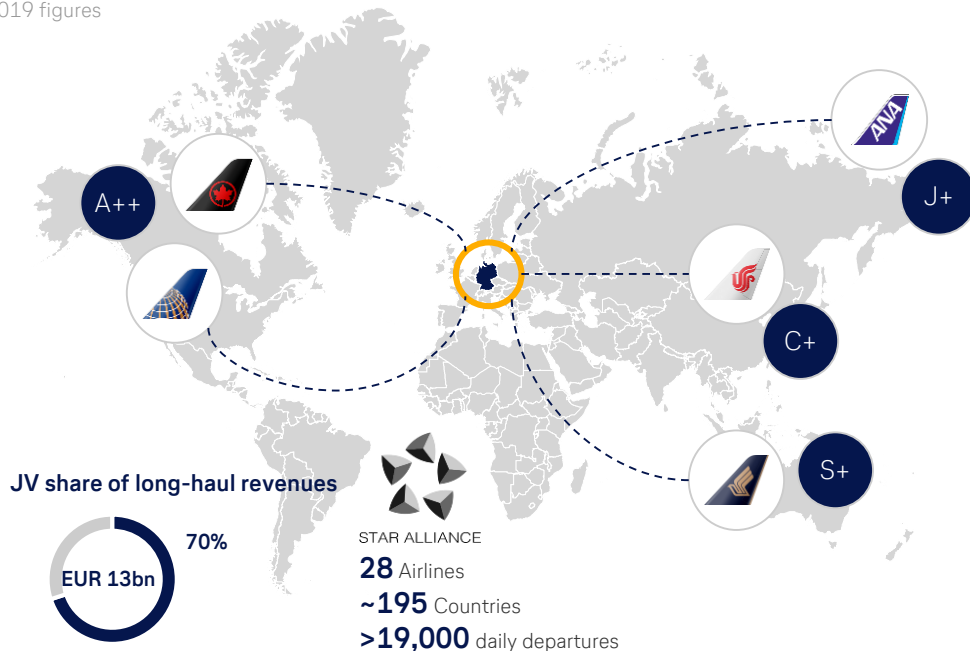


¹ Including JVs.

Global joint venture network supports coordinated re-start in long haul

Established network of Joint Ventures with leading global partners

2019 figures



Clear strategic benefits in the New Normal



Joint **distribution** strategy



Revenue sharing



Mutual **market** access



Joint **capacity** management



Joint **pricing**

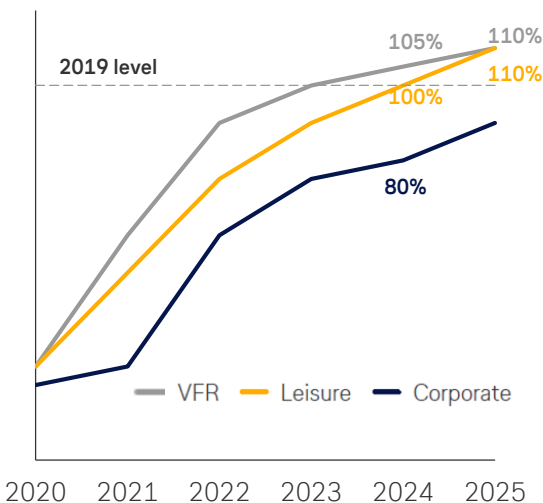
- **Improved customer offering** with greater **connectivity**, **optionality** and ease of **transfer**
- **Coordinated frequencies and capacity ramp up** to support yields and **profitability** with restart
- Greater **exposure to recovery and growth** in attractive markets

Capturing the varying speed of the recovery with a segmented offering

Leisure and VFR lead recovery

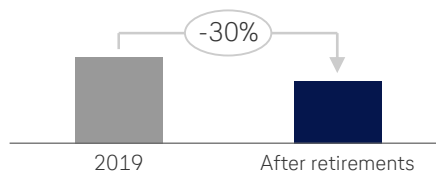
Expected Demand Recovery by Segment

RPK (% 2019)



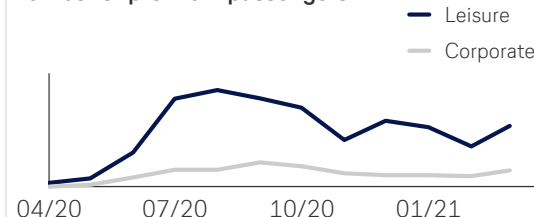
Aircraft retirements adapt premium offer to slower corporate recovery

Number of Business and First Class seats



Premium leisure demand has started to recover well

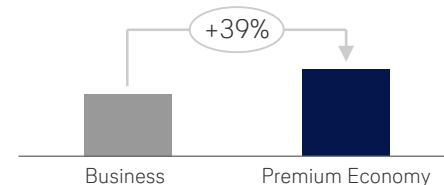
Number of premium passengers¹



Expected growth in Premium Economy will be accretive for earnings

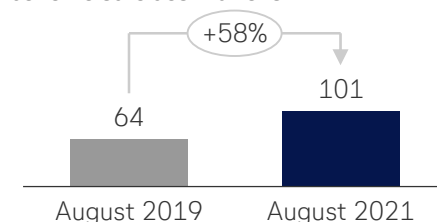
Contribution margin per sqm

in €



Leisure offer increased by two thirds to cater to pent-up leisure demand

Number of leisure destinations



¹ Passengers travelling in First Class and Business Class

Edelweiss and Eurowings Discover serve premium leisure markets



Edelweiss well established in Switzerland

**Home
base
Zurich**



Integrated into
SWISS feeder &
global sales

Focus on **leisure**
traffic ex Switzerland

Average Adj. EBIT margin
2017-2019:

7.7%

**~ 1,100
employees**



Operative fleet of
14 aircraft
10x A320, 4x A340



EW Discover launching in German market

**Home
base
Frankfurt**



Integrated in **Lufthansa
German Airlines** feeder
& global sales

Focus on **leisure**
traffic ex Germany

Start of flight
operations
in **summer 2021**

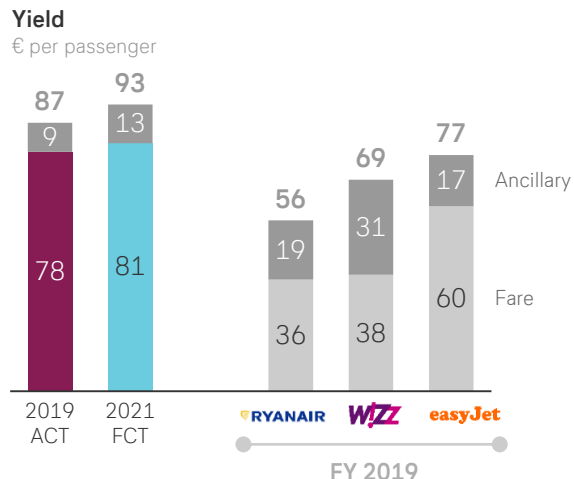
**~ 350
employees**
as of March 2021



3 Airbus A330
growing to
11x A330 & 10x A320

A transformed Eurowings to drive profitable recovery

Robust yield premium

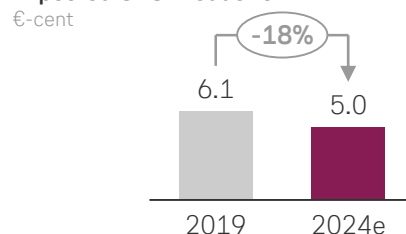


- Route network and Eurowings' value positioning support sustainable yield premium versus LCC peers

Significant restructuring progress

- ✓ **Standardized, modern fleet** of 75 a/c
- ✓ Reduction to only one **AOC in Germany**
- ✓ Reduction of **overhead cost** by >30%
- Increase in **a/c and crew productivity**
- Optimization of **network** and **earnings capacity**

Expected CASK reduction



Strategic focus areas

Touristic segment

Further strengthen position as Germany's largest touristic carrier outside of the hubs

VFR traffic

Expand network to capture strong VFR travel flows out of Germany

Pan European Growth

Exploit pan-European growth potential post-crisis

Stimulating demand and driving customer satisfaction through innovation

Customer Journey



Inspiration
& planning



Compare
& select



Book
travel



Plan &
prepare



Get to airport
& await flight



Take flight



Connect



Arrive at
destination



Get to & stay
at destination & await flight



Get to airport
& await flight



Take
return flight



Arrive at
home airport



Get to
home



Stay
involved

Personalized offers



Personalized
(ancillary) offers



New premium seats



Real-time information
& inspiration



New Economy class
F&B experience

Digitally enhanced customer experience



Biometrics for entries,
boarding & bag drops



Digital check-in
& baggage services



Digital customer service



Onboard retail via
IFE & App



Future digital inflight
experience



ONE (Customer) ID

Sustainability



Sustainable offers &
waste reduction



CO₂ Compensation via
online channels

Consistent customer experience through digitization and Miles & More

Development of a seamless customer experience...



One customer interface

Alignment of booking platforms and websites across Group Airlines to make booking a flight intuitive and easy



Central profile management

One ID profile to be used throughout the Group allows for efficient and central data management and creates additional customer value



Personalized offers

Centralized data management enhances servicing opportunity to provide customers with the right offers at the right point in time

...integrated into Europe's largest frequent flyer program

2019 figures

Miles & More



35m
members



79bn
miles issued



51%
higher spend than
non-members



1.5m
Branded credit
cards issued



Leading loyalty
program for
9
airline partners



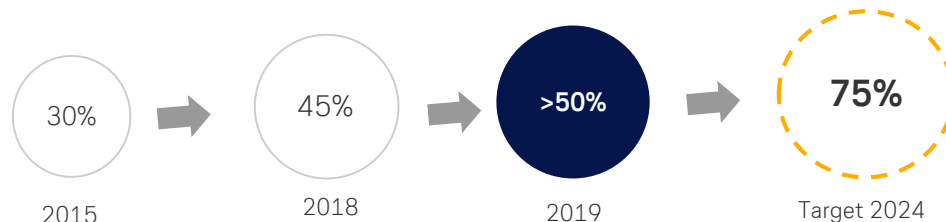
More than
140
Non-air partners



More than
450
E-commerce
partners

Direct distribution enhances market reach and allows to individualize the offer

Focus on growing share of direct distribution channels



Enhanced customer experience

Owning the customer journey

Modern retail experience



- Offer control
- Seamless payment

Multi-channel landscape



Offering in customer's preferred channel

Increased revenues

Enabling flexible offers

Dynamic pricing



Tailored prices between booking classes

Ancillary revenues



Personalized and targeted product offers at the right time

Reduced distribution cost

Eliminating external costs & surcharge

GDS cost savings

- Continued rollout of direct distribution channels avoids GDS fees
- Increased competitiveness
- Elimination of surcharge (DCC)

Target to halve carbon emissions over the next decade

-50% Net CO₂ by 2030¹: Avoid – Reduce – Compensate

Key drivers

Contribution to target reduction



Fleet renewal

- (Early) retirement of older aircraft
- Addition of new efficient aircraft
- Technical innovation (example: AeroSHARK)

10-15%



Sustainable Aviation Fuels

- Group ready to lead collaboration across the entire value chain
- 5-10% share of SAF targeted by 2030, dependent on availability and price

5-10%



Operational and Air Traffic Management efficiency

- Operational efficiency improvement projects
- Single European Sky: Direct flight paths instead of detours

5-10%



Compensation and Offsetting

- CO₂ certificates
- Corporate contracts with built-in compensation (Greenfares)
- Compensaid platform

15-30%

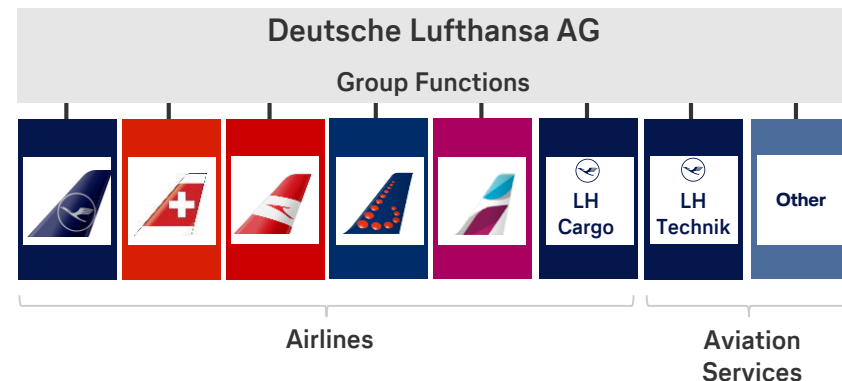
¹ Compared to 2019

Development of the Group's organization and governance to drive faster decision-making, reduce complexity and foster more efficient cooperation

Integrated Aviation Group



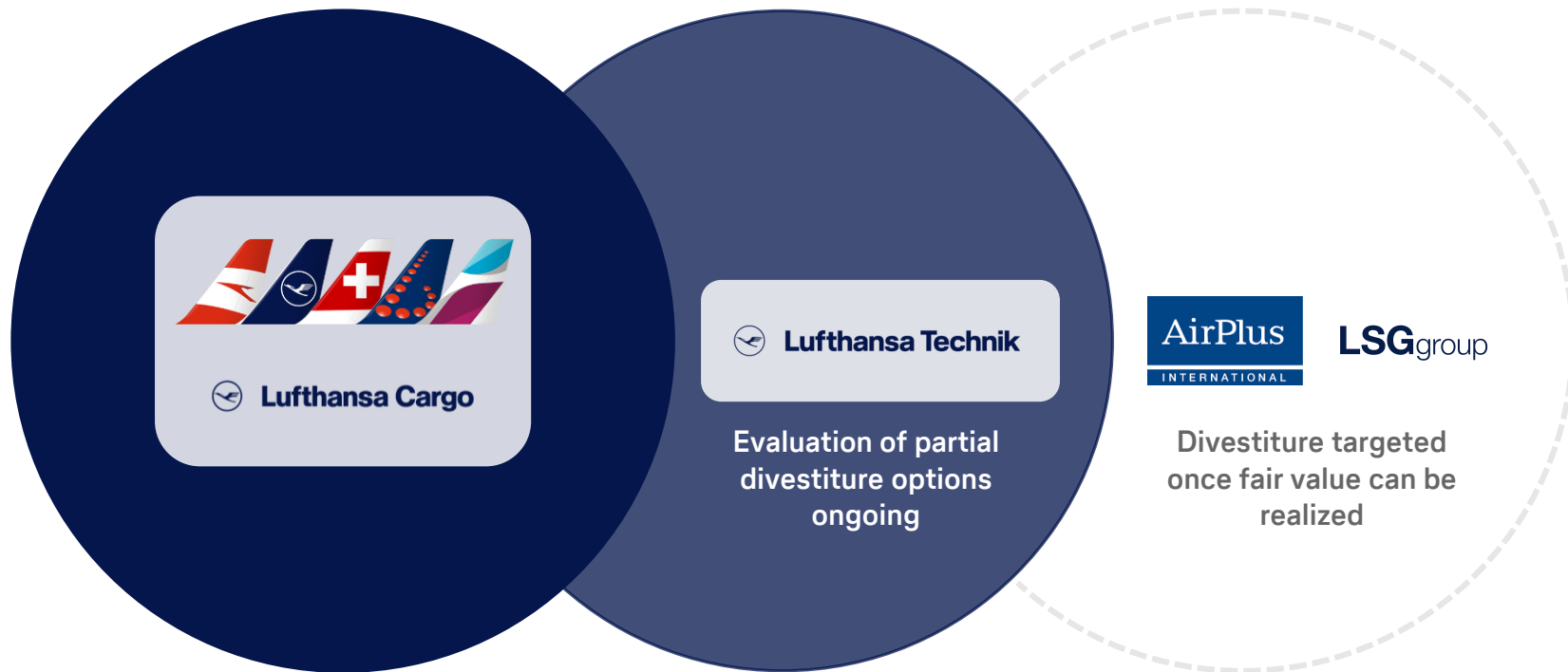
Airline Group with functional holding



- Organizational separation of Group and Lufthansa German Airlines functions
- Matrix organization focused on core airline functions to ensure maximum synergies
- Business units carry full entrepreneurial and P&L responsibility
- Group Management Board focused on strategy, capital allocation and driving improved capital returns

Streamlining Lufthansa Group to a focused Airline Group

Core business



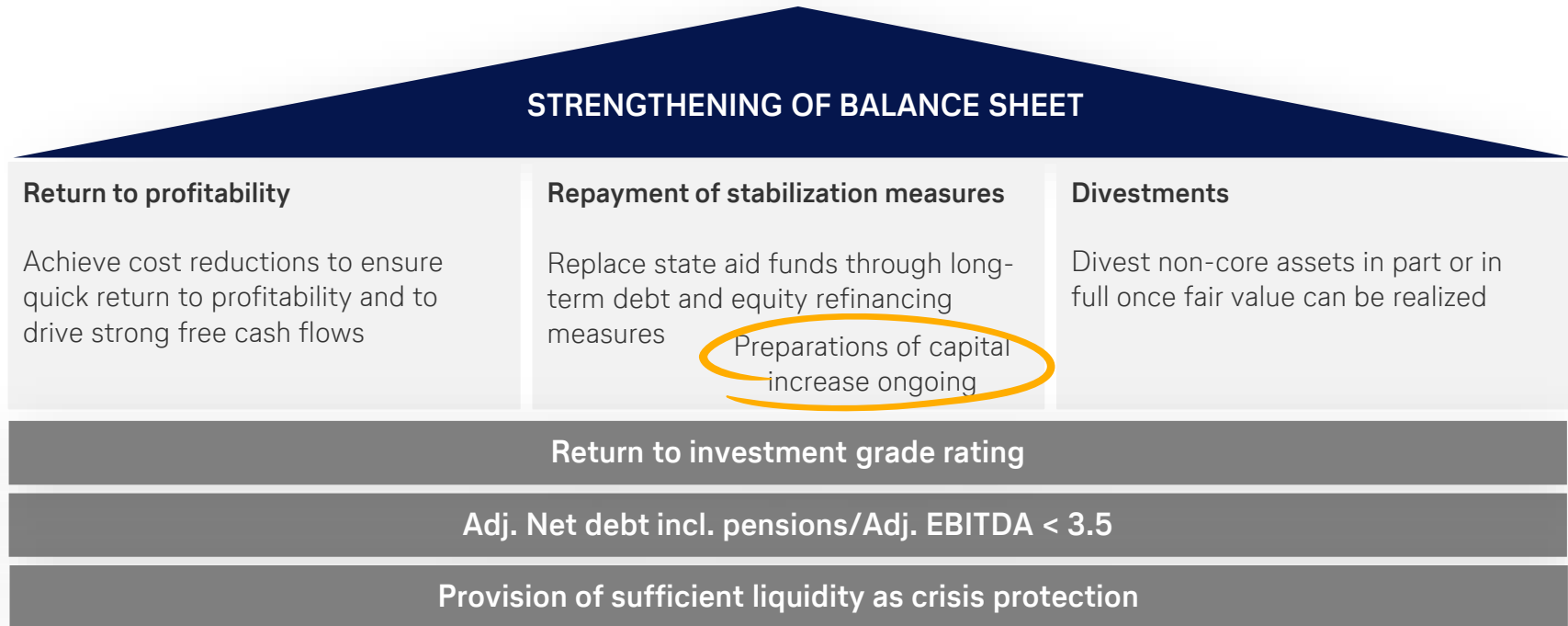
Lufthansa Group mid-term targets for the New Normal

Assumptions	Drivers	2024 Targets
Capacity (ASK) 90-95% of pre-crisis levels by 2024	Revenues Low single digit RASK decline at Group Airlines; Aviation Services above 2019 levels	Adjusted EBIT margin At least 8%
Recovery by region Recovery led by European short-haul and Transatlantic traffic	CASK (excl. fuel¹) Low to mid single digit reduction in Group Airlines at 90-95% capacity	Adjusted ROCE (excl. cash) At least 10%
Recovery by customer segment Faster recovery expected for leisure and VFR traffic – Corporate travel to recover to 2019 levels by 2025	Capex ~EUR 2.5 billion in 2023 / 2024	

2024 Figures compared to 2019 where applicable

¹ Fuel cost expectation based on oil price of USD 57.0 / bbl, based on forward curve as of June 8, 2021.

Balance sheet strengthening rests on three key pillars



Accelerating our Transformation

Decisive action taken to ensure liquidity and respond to industry disruption

Ongoing innovation drives convenient, individual and sustainable product



Key restructuring actions taken to create a stronger, more resilient business

Disciplined financial management to strengthen the balance sheet and drive attractive returns

A structural winner in the New Normal



LUFTHANSA GROUP

Q&A

