# PRESS RELEASE

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## Lufthansa Group achieves an Adjusted EBIT of EUR 686 million for the second-quarter period

- **Group revenue increases seven percent to 10 billion euros in the second quarter**
- **Unit costs stable at prior-year level, unit revenues down**
- **Lufthansa Technik result remains at record levels, Lufthansa Cargo up year-on-year in the second quarter**
- **Successful multi-hub, multi-airline and multi-brand strategy to be further internationalized with ITA investment**
- **Lufthansa Airlines launches comprehensive turnaround program following first-half year loss**
- **Full-year outlook: Adjusted EBIT of 1.4 to 1.8 billion euros expected**

**Carsten Spohr, Chairman of the Executive Board and CEO of Deutsche Lufthansa AG:**
"Flying has lost none of its fascination – global demand for air travel remains strong. As a result, we exceeded the 10 billion euros turnover mark for the first time in the second quarter. However, due to the increase in available seat capacity, the normalization of air fares and average yields continued in all markets worldwide in the first half of the year. In view of the simultaneous rise in costs, profit expectations had to be adjusted across the industry – and also for us.
Our most important airline, Lufthansa, was particularly affected in the first half of the year. This is because, in addition to the effects of market developments, there were special effects such as the high strike costs, further delays in aircraft deliveries and the resulting inefficiencies, as well as structural problems of the airline. We therefore want to accelerate the overall modernization of Lufthansa Airlines with a turnaround program in order to make it the Group's flagship again.
It is particularly pleasing that in the current challenging environment all the other passenger airlines in the Group, as well as Lufthansa Cargo, remain on course in line with market developments. Lufthansa Technik even posted another record result in the first half of the year.
Strategically, we have made decisive progress with four relevant projects: the introduction of our new intercontinental product 'Allegris', the launch of Lufthansa City Airlines, today's sale of AirPlus and the approval of our stake

in ITA Airways by the EU Commission. These optimizations of our business model will help us to strengthen our position as number one in Europe."

**Results**
The Lufthansa Group increased its second-quarter revenues by seven percent to 10 billion euros in 2024 (prior-year period: 9.4 billion euros). The Group recorded an operating profit or Adjusted EBIT of 686 million euros (prior-year period: 1.1 billion euros). The Group net result amounted to 469 million euros (prior-year period: 881 million euros). The prime drivers here were the 11-percent expansion of the flight program in the passenger business and the strong performance in the MRO segment, whose second-quarter revenues were 16 percent up on the prior-year period.

In addition to the increasing normalization of ticket prices and an associated market-related decline in yields in all traffic regions, particularly in the second quarter, the strikes at various Lufthansa Group companies and external system partners also impacted earnings for the period by more than 100 million euros. In addition, operating expenses increased by 10 percent due to the expansion of passenger flight operations, but also to inflation-related cost increases.

**Passenger numbers and traffic development**
Demand for air travel continued to rise in the second quarter of the current year. More than 60 million passengers flew with the airlines of the Lufthansa Group in the first six months of 2024, a 10-percent increase on the same period last year. In the second quarter of 2024 alone, the airlines welcomed around 36 million passengers on board (compared to 33.3 million in the second quarter of 2023).

Total second-quarter capacity for the airlines of the Lufthansa Group was 11 percent up on the prior-year period. Groupwide second-quarter capacity was at 91 percent of the level offered in the pre-crisis year of 2019. The Group airlines' seat load factor remained high at around 82 percent – only slightly below its prior-year level, despite the higher capacity.

Owing to the market-wide increases in capacity and the resulting price normalization, second-quarter unit revenues (RASK) for the Group's passenger airlines were 5.3 percent down on the same period in 2023 on a currency-adjusted basis. In addition to the slight decline in seat load factors, falling average prices, which however still remain significantly above pre-crisis levels, were the main reasons for this. The decline can be

observed in all traffic regions and was particularly pronounced in Asia. Unit costs (CASK, excluding fuel and emissions expenses) remained at their prior-year level despite the strike costs and generally high cost inflation in the second-quarter period.

Total second-quarter revenue for the passenger airlines increased by 4.5 percent to 8 billion euros (prior-year period: 7.7 billion euros). The airlines reported an Adjusted EBIT of 581 million euros (prior-year period: 965 million euros). For the first six months of 2024, the Group's passenger airlines generated total revenue of 13.6 billion euros, some five percent more than in 2023. First-half Adjusted EBIT declined to -337 million euros compared to the previous year (H1 2023: 453 million euros).

**Lufthansa Airlines launches comprehensive turnaround program**
Lufthansa Airlines is particularly confronted with challenges resulting from the negative market development in the key Asia-Pacific traffic region, but also faces inefficiencies in its Lufthansa and CityLine flight operations. The significant delays in aircraft deliveries are causing upheavals, in areas such as fleet management and also through the additional maintenance costs for the older aircraft still in use. The disproportionately high increase in location cost in Germany and new collective labor agreements for cockpit, cabin and ground staff also had a negative impact on earnings.

As a result, the second-quarter Adjusted EBIT of 213 million euros is some 300 million euros below its 2023 level (prior-year period: 515 million euros). Overall, Lufthansa Airlines recorded a first-half loss of -427 million euros (prior-year period: profit of 149 million euros).
Achieving a breakeven full-year result is becoming increasingly challenging for Lufthansa Airlines. In addition to short-term measures to safeguard earnings, the airline has launched a comprehensive turnaround program to increase efficiency, reduce complexity and improve quality, and thereby make the core brand fit for the future.

The program includes:

- Increasing revenue by consistently delivering on the premium promise, for example through the introduction of Allegris and further investments in product and service improvements.
- Improving the customer experience by focusing on smooth and efficient flight operations, for example through the further digitalization of ground services.

- Optimizing the network in line with the stronger seasonalization of demand.
- Increasing productivity, for example by further developing crew planning systems.
- Reducing to six long-haul aircraft types by decommissioning the Airbus A340-300, A340-600 and A330-200 and the Boeing 747-400 sub-fleets by 2028.
- Strategically expanding the flight operations of Discover Airlines and Lufthansa City Airlines in order to further develop the product offer at the Frankfurt and Munich locations at competitive costs.

**Lufthansa Technik continues at record level; Lufthansa Cargo at prior-year level**

The continuing high demand for air travel is leading to further growth in demand for maintenance, repair and overhaul services. Second-quarter revenue at Lufthansa Technik increased by 18 percent to 1.9 billion euros (prior-year period: 1.6 billion euros). The positive trend was driven in particular by the Aircraft Component and Engine Services business segments.

As part of its 'Ambition 2030' program, Lufthansa Technik is planning extensive investments in expanding its core business and extending its locations in Europe, the Americas and Asia. To take one example, an additional site should be established for the repair of engines and aircraft components in Portugal or another location in Southwest Europe, to expand Lufthansa Technik's own production capacities and recruit additional specialist personnel.

In the air cargo business, capacity in the first half of 2024 was 10 percent up on the prior-year period, owing primarily to the expansion of the passenger business and the associated increase in cargo hold capacities. The high demand for e-commerce shipments and capacity bottlenecks in maritime traffic led to an increase in demand at Lufthansa Cargo and thus to a higher cargo load factor. Lufthansa Cargo achieved an Adjusted EBIT of 36 million euros for the second-quarter period, broadly in line with its prior-year level, and expects a good second half-year.

**Michael Niggemann, Chief Financial Officer of Deutsche Lufthansa AG:**
"Our revenue rose to over 10 billion euros in the second-quarter period. This was due to a significant increase in capacity at our airlines. This growth was accompanied, however, by a market-related decline in ticket prices. In

addition, our higher production levels and cost inflation led to an increase in our operating costs. So despite achieving an operating result of 686 million euros, we earned significantly less in April to June 2024 than we had in the same period last year. In addition to market developments and structural challenges, our largest airline Lufthansa was also affected by special effects. Strike effects also had a negative impact in the second-quarter period. Furthermore, delays in aircraft deliveries in particular led to inefficiencies and additional costs. Nevertheless, we expect to report a clearly positive annual result for the Lufthansa Group, not least in view of the measures we have introduced to safeguard our earnings. Excluding the strike effects, we are convinced that we will achieve stable unit cost development for the year as a whole."

**Balance sheet strengthened, debt reduced**
With the seasonally high level of incoming bookings, the Lufthansa Group's 2024 first-half operating cash flow amounted to around 2.8 billion euros (prior-year period: 3.1 billion euros), despite the negative operating result. Net investments were around 100 million euros below their prior-year level at 1.7 billion euros. Overall, the Group thus achieved an Adjusted free cash flow of 878 million euros (prior-year period: 1.1 billion euros).

Driven by the seasonally positive adjusted free cash flow and the postponement of some investments, the Group was able to further strengthen its balance sheet in the first half of 2024. Net debt decreased to 8.1 billion euros compared to the end of 2023 (December 31, 2023: 8.4 billion euros). Net pension obligations fell by 200 million euros to 2.5 billion euros, following an increase in the valuation interest rate. The Group's available liquidity increased by 200 million euros to 10.6 billion euros compared to the start of the year and thereby remains above the target minimum range of 8 to 10 billion euros.

**Strategic development makes progress**
The Lufthansa Group has made important progress in implementing its long-term strategy.

The new ‘Lufthansa Allegris’ long-haul cabin was introduced at the beginning of May, marking an important step in improving the premium product offer for Lufthansa customers. This was followed in June by the launch of Lufthansa City Airlines, which will strengthen the Lufthansa long-haul network at the Munich and Frankfurt hubs by providing competitive feeder and defeeder flights.

The EU Commission's competition authority approved the planned acquisition of ITA Airways at the beginning of July 2024.

**Financial outlook**

Global demand for air travel remains very robust, especially among private travelers. The airlines of the Lufthansa Group expect another good summer in travel volume terms. Overall, bookings up to the end of October are more than 10 percent up on last year. The most popular summer destinations in 2024 are once again Spain, Portugal, Italy and Greece and, for long-haul travel, the USA, Japan and southern Africa. And this year, too, many vacationers choose a ticket in one of the premium classes.

Under present plans, the Lufthansa Group's third-quarter capacity is expected to amount to around 96 percent of the pre-crisis level. The company assumes that yields in this period will be a low single-digit-percentage down on their 2023 levels. Unit costs are expected to rise to a similar magnitude. Overall, the Lufthansa Group expects its third-quarter Adjusted EBIT to fall short of its 2023 level (prior-year period: 1.5 billion euros) owing to the challenges at Lufthansa Airlines.

The Group has adjusted its annual outlook accordingly, and now expects to reach an Adjusted EBIT of 1.4 to 1.8 billion eurosfor the 2024 financial year. This outlook is largely dependent on the earnings performance at Lufthansa Airlines and the traditionally important fourth quarter at Lufthansa Cargo.

In line with the adjustment to the annual earnings forecast, the full-year expectation for Adjusted Free cash flow is now well below 1 billion euros, subject to uncertainties regarding the investment volume in the second half of the year.

**Further information**

Further information on the results of individual business areas will be published in the report on the second quarter of 2024. This will be published at the same time as this press release on July 31 at 7:00 a.m. CEST at www.lufthansagroup.com/investor-relations.

The traffic figures for the second quarter of 2024 will also be published at 7:00 a.m. CEST at https://investor-relations.lufthansagroup.com/en/publications/traffic-figures.html.

| | | Jan - June 2024 | Jan - June 2023 | Change in % | April - June 2024 | April - June 2023 | Change in % |
|---|---|---|---|---|---|---|---|
| **Revenue and result** | | | | | | | |
| Total revenue | €m | 17,399 | 16,406 | 6 | 10,007 | 9,389 | 7 |
| of which traffic revenue | €m | 14,332 | 13,751 | 4 | 8,429 | 8,043 | 5 |
| Adjusted EBIT | €m | -163 | 812 | | 686 | 1,085 | -37 |
| Adjusted EBIT margin | % | -0.9 | 4.9 | -5.8 P. | 6.9 | 11.6 | -4.7 P. |
| EBIT | €m | -212 | 777 | | 659 | 1,081 | -39 |
| Net profit/loss | €m | -265 | 414 | | 469 | 881 | -47 |
| Earnings per share | € | -0.22 | 0.35 | | 0.39 | 0.74 | -47 |
| **Key balance sheet and cash flow statement figures** | | | | | | | |
| Total assets | €m | 47,233 | 45,315 | 4 | – | – | |
| Cash flow from operating activities | €m | 2,788 | 3,100 | -10 | 1,477 | 1,519 | -3 |
| Net capital expenditures | €m | 1,754 | 1,871 | -6 | 814 | 831 | -2 |
| Adjusted free cash flow | €m | 878 | 1.071 | -18 | 573 | 589 | -3 |
| **Employees** | | | | | | | |
| Employees as of 30 June | number | 100,173 | 114,773 | -13 | – | – | |

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