



**LUFTHANSA GROUP**

PRESS RELEASE



## **Lufthansa Group achieves record summer with an Adjusted EBIT of EUR 1.5 billion in the third quarter and expects continued strong demand for air travel**

- Passenger airlines carried 38 million travelers between July and September
- All Group airlines report double-digit third-quarter Adjusted EBIT margins
- Fourth-quarter booking volumes show double-digit percentage growth
- Lufthansa Technik benefits from strong demand for MRO services
- Lufthansa Group receives investment grade rating by Fitch
- Profit outlook for 2023 and 2024 confirmed

**Frankfurt, 02 November 2023**

**Carsten Spohr, Chairman of the Executive Board and CEO of Deutsche Lufthansa AG, says:**

"We would like to thank our customers and the employees of the Lufthansa Group for a record summer: With the highest revenue and profit ever achieved in one summer - including an operating profit of 1.5 billion euros in the third quarter alone. All airlines in our Group and Lufthansa Technik contributed to this with double-digit profit margins. At the same time, employee satisfaction in our company has improved significantly to the pre-crisis record level. It is paying off for all of us that we have combined our successful multi-airline and multi-hub strategy with strengthening the private travel segment, setting the right strategic course. We have also made significant improvements in operational stability and regularity despite continued challenging conditions. This trend is the basis for meeting our premium and quality standards and those of our customers even more effectively in the future again. Even though the geopolitical situation remains challenging, our booking outlook gives us reason to be positive - not only for a very good Group result this year, but also beyond."

**Result**

Total Group revenues increased 8 percent from their prior-year level to EUR 10.3 billion (previous year: EUR 9.5 billion). This made the third quarter the Lufthansa Group's strongest quarter in its history in revenue terms.

The Lufthansa Group generated an operating result (Adjusted EBIT) of EUR 1.5 billion in the third quarter, the second-best quarterly result in its history and a 31 percent improvement compared to the EUR 1.1 billion Adjusted EBIT of the prior-year period. The Adjusted EBIT margin for the third-quarter period amounted to 14.3 percent (previous year: 11.8 percent). Net income for the period increased substantially to EUR 1.2 billion (previous year: EUR 809 million).

**Lufthansa Group passenger airlines substantially increase results**

All passenger airlines of the Lufthansa Group substantially increased their third quarter results year-on-year. Their combined Adjusted EBIT for the period amounted to EUR 1.4 billion, a 91 percent improvement on the prior-year period (previous year: EUR 709 million).

The increase is primarily attributable to a combination of strong demand, higher capacity offered and ongoing high yields. At 25 percent above the 2019 third-quarter level, yields reached a new record high. Demand for leisure travel remained strong also in the third-quarter period, particularly in the premium segment.

Despite rising costs due to inflation, especially in the areas of fees, personnel and maintenance, unit costs in the third quarter were 0.9 percent below the prior year's level. This was a significant improvement compared to the second quarter of this year, supported by strict cost management in conjunction with the expansion of the flight program. For the first nine months, unit costs were 2.4 percent above the previous year.

The total third quarter capacity of the Group's passenger airlines increased by 13 percent compared to the prior year period, and amounted to 88 percent of the 2019 pre-crisis level. Over 86 percent of all the seats offered were sold. As a result, the seat load factor for the period remained broadly unchanged compared to the previous year.

Significantly more customers chose to travel onboard one of the Lufthansa Group's airlines in the third quarter of 2023 compared to the previous year. In total, the Group's airlines welcomed over 38 million travelers in the July-to-September period (previous year: 33 million). Demand was strong in all traffic regions, and the Lufthansa Group recorded a further internationalization of its customer base. In this year more than 70 percent of all guests started their journey outside Germany.

**Record earnings for Lufthansa Technik; normalization in cargo business continues**

The global air cargo market continued to normalize in the third quarter. Airfreight revenues were impacted by the challenging macroeconomic environment. Lufthansa Cargo achieved an Adjusted EBIT of EUR 1 million (previous year: EUR 331 million) in a seasonally weak third-quarter period. Cargo rates remained well above their pre-crisis levels, on a similar level compared to the second-quarter period. For the fourth quarter, a slight year-on-year increase in transported volumes is expected.

Lufthansa Technik continued to benefit from the high demand for air travel and the resulting increase in demand among airlines worldwide for maintenance, repair and overhaul (MRO) services in the third quarter. Lufthansa Technik achieved an Adjusted EBIT of EUR 168 million for the third-quarter period (previous year: EUR 188 million). The previous year's result had benefited from a more favorable US dollar exchange rate. For the first nine months of the year, the MRO business thus achieved a new record result.

### **Balance sheet further strengthened**

The Lufthansa Group generated an operating free cash flow of EUR 1.2 billion in the third quarter of 2023. After deducting net capital expenditure, primarily for new fuel-efficient aircraft, Adjusted free cash flow for the period amounted to EUR 592 million. The strong operating result and the effects of structural improvements in the management of working capital were key factors in the positive development.

The Group further strengthened its balance sheet in the first nine months of the year. Net debt was significantly lower than at year-end 2022 at EUR 5.4 billion (31 December 2022: EUR 6.9 billion) owing to the positive free cash flow. Net pension liabilities decreased to EUR 1.9 billion (31 December 2022: EUR 2.0 billion). The available liquidity at the end of the quarter amounted to EUR 11.1 billion (31 December 2022: EUR 10.4 billion).

Fitch, which yesterday issued its first-ever credit rating for the Lufthansa Group, is the first of the three globally leading rating agencies to rate the Lufthansa Group investment grade following the COVID pandemic. This honors the successful measures taken to reduce debt and sustainably strengthen the balance sheet.

### **Further progress in the transformation to an even more global airline group**

In the third quarter, the Lufthansa Group made further progress in its transformation into a global airline group. The sale of the LSG Group to the private equity company Aurelius, which was announced in April, was completed on 31 October 2023. The review of the sale of a minority stake in Lufthansa Technik is expected to be completed by the end of the year. The Lufthansa Group is also seeking approval from the European Commission for the agreed acquisition of a 41 percent stake in ITA Airways by early 2024.

### **Remco Steenbergen, Chief Financial Officer of Deutsche Lufthansa AG, says:**

"It is a great success for the Lufthansa Group that we were able to achieve the second-best quarterly result in history in the third quarter. Despite high inflation, we were able to reduce our unit costs. However, we need to further improve our operational reliability and thus also our productivity and efficiency, which are still below pre-crisis levels. We will work intensively on this in the coming months and in the coming year. We are thus confident in our outlook."

### **Intercontinental Green Fares**

The Lufthansa Group is doing its utmost to make flying more sustainable. The company aims to achieve a neutral CO<sub>2</sub> balance ('net zero carbon emissions') by 2050. And by 2030, the Lufthansa Group seeks to halve its net CO<sub>2</sub> emissions compared to their 2019 level through a combination of reduction and offset measures. The Group is providing its customers more and more offers for more sustainable travel. The Lufthansa Group will be launching a new Green Fares test run on selected intercontinental routes before the end of November. The fares within Europe and to North Africa, which were introduced in February, have now been booked by more than half a million passengers. Green Fares

involve offsetting flight-related CO<sub>2</sub> emissions with Sustainable Aviation Fuel (SAF) and high-quality climate protection projects.

### **Outlook**

The Lufthansa Group expects the demand for air travel to remain strong in the coming months. The very good summer demand has extended into October, and demand for air travel during the Christmas season is strong. Demand for both short-haul and long-haul flights remains high, especially among leisure travelers. In this context, the trend toward more bookings in premium classes, meaning Business Class or First Class, continues.

The Lufthansa Group is expected to increase its capacity in the fourth quarter to around 91 percent of its 2019 level. Bookings for the fourth quarter are currently up by double digits in percentage terms compared to the previous year, even though private travel seasonally accounts for a lower share of traffic than in the summer months. More than 80 percent of the passengers the company expects to carry on board its aircraft in the fourth quarter have already booked their flight or have already flown with the Group's airlines in October.

The Lufthansa Group expects to achieve a positive operating result also in the fourth quarter of 2023. Lufthansa Cargo and Lufthansa Technik are both expected to contribute to this. Despite the increase in fuel costs in recent weeks, the Group is confirming its previous expectation of generating an Adjusted EBIT for 2023 of more than EUR 2.6 billion.

For 2024, the company continues to expect an increase of capacity to around 95 percent of pre-crisis levels. The Adjusted EBIT margin is targeted to reach at least 8 percent. According to current delivery schedules, around 30 new aircraft will join the Group's fleet over the course of the year. Better access to MRO capacities than the rest of the industry through Lufthansa Technik, and the success in recruiting new employees for flight operations provide the company with good preconditions for above-industry-average and profitable growth. Efficiency improvements are expected to support a reduction in unit costs, provided that system-wide operational stability continues to improve, especially in the Group's home market Germany. Nonetheless, the Company is mindful of geopolitical and macroeconomic risks and will preserve maximum flexibility to adapt its plans if necessary.

### **Further information**

Further information on the results of individual business units will be published in the report on the third quarter of 2023. This will be published at the same time as this press release on November 2, 2023 at 07:00 CET at [www.lufthansagroup.com/investor-relations](http://www.lufthansagroup.com/investor-relations).

The traffic figures for the third quarter of 2023 will also be published at 07:00 CET at <https://investor-relations.lufthansagroup.com/en/publications/traffic-figures.html>.

		Jan - Sept 2023	Jan - Sept 2022	Change in %	July - Sept. 2023	July - Sept. 2022	Change in %
<b>Revenue and result<sup>1)</sup></b>							
Total revenue	€m	26,681	22,539	18	10,275	9,537	8
of which traffic revenue	€m	22,583	18,904	19	8,832	8,236	7
Adjusted EBIT	€m	2,280	939	143	1,468	1,124	31
Adjusted EBIT margin	%	8.5	4.2	4.3 P.	14.3	11.8	2.5 P.
EBIT	€m	2,218	851	161	1,441	1,118	29
Net profit/loss	€m	1,606	484	232	1,192	809	47
Earnings per share	€	1,34	0,40	235	1,00	0,68	47
<b>Key balance sheet and cash flow statement figures</b>							
Total assets	€m	46,591	47,559	-2	-	-	-
Cash flow from operating activities	€m	4,320	5,328	-19	1,220	887	38
Net capital expenditures	€m	2,421	1,753	38	550	372	48
Adjusted free cash flow	€m	1,668	3,312	-50	592	410	44
<b>Employees</b>							
Employees as of 30 September	number	117,187	107,970	9	-	-	-

<sup>1)</sup> Previous year's figures have been adjusted due to the agreed sale of the LSG Group

URL : <http://newsroom.lufthansagroup.com/en/lufthansa-group-achieves-record-summer-with-an-adjusted-ebit-of-eur-15-billion-in-the-third-quarter/>

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