



# PRESS RELEASE

Frankfurt, 7 March 2024

## **Lufthansa Group generates operating profit of 2.7 billion euros in 2023 and invests more than ever for its customers**

- **Third-best financial result in the history of the Lufthansa Group**
- **Revenue increases by 15 percent to 35.4 billion euros**
- **Passenger numbers increase significantly by 20 percent to over 120 million**
- **Booking momentum remains strong**
- **Lufthansa Technik again with record result**
- **Record aircraft deliveries: 20 long-haul jets in 2024**
- **Proposal to Annual General Meeting for dividend of 0.30 euros per share**
- **Outlook 2024: Operating result expected to be at the level of 2023**
- **Internationalization of the Lufthansa Group will be accelerated**

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

"The Lufthansa Group has regained its financial strength. I would like to thank our customers for their continued loyalty and each and every one of our approximately 100,000 employees. With their above-average commitment, they made 2023 one of the three best years in Lufthansa Group's history.

This success benefits everyone. We want to pay our shareholders a dividend for the first time since 2019. We are also giving our employees a share in our good results development through significantly above-average collective wage agreements and profit-sharings. And this year, we also aim to finally return our customers' satisfaction to premium levels. That is why we are investing the record amount of 4.5 billion euros in new aircraft, in our cabin interiors, lounges, ground processes and in personal and digital services. As part of the largest fleet modernization in our history, we expect to take delivery of at least 30 new aircraft this year, including around 20 long-haul jets for Lufthansa - another record!"

### **Result 2023**

In the financial year 2023, the Lufthansa Group generated the third-best financial result in its history due to the continued high demand for air travel and another record result at Lufthansa Technik.

Revenue increased to 35.4 billion euros (previous year: 30.9 billion euros).

Operating profit, measured as Adjusted EBIT, rose to 2.7 billion euros (previous year: 1.5 billion euros). The Adjusted EBIT margin improved accordingly to 7.6

percent (previous year: 4.9 percent). The company more than doubled its net profit to 1.7 billion euros (previous year: 790 million euros). The return on capital employed (Adjusted ROCE) rose by 5.5 percentage points to 13.1 percent (previous year: 7.6 percent). Adjusted ROCE thereby exceeded the 2024 target value of ten percent already one year ahead of time.

### **Passenger numbers and traffic development**

The desire to travel remained high last year. Demand for tickets rose once again. In 2023, a total of 123 million passengers travelled with the airlines of the Lufthansa Group, an increase of 20 percent compared to the previous year (2022: 102 million).

The Lufthansa Group airlines increased the number of flights offered by 14 percent to 946,000. The number of seats on offer was gradually expanded over the course of the year. On average, the airlines offered 84 percent of 2019 capacity last year. The seat load factor improved by 3.1 percentage points to around 83 percent, returning to pre-crisis levels.

The company's top priority in capacity planning was to ensure stable flight operations and the associated improvement in the customer experience. 98 percent of all flights were able to take place as planned. As a result of the required buffers in the system, however, productivity was significantly below the pre-crisis level of 2019, particularly at the core Lufthansa brand.

### **Passenger airlines with profit**

The high demand and increased capacity led to significant revenue growth at the passenger airlines. Revenue rose to 28.3 billion euros in the 2023 financial year (previous year: 22.8 billion euros).

Yields continued to develop positively and were around six percent higher than in the previous year. The increase was mainly driven by the continued strong demand in the leisure travel segment, particularly in the premium classes and during the record travel summer. Business travel continued to recover at a slower pace.

Despite high cost inflation, Adjusted EBIT of the passenger airlines segment improved significantly in the past financial year. At 2.0 billion euros (previous year: -300 million euros), it was once again clearly positive. For the first time, all passenger airlines in the Group reported an operating profit. SWISS, Austrian Airlines, Brussels Airlines and Eurowings all achieved record results.

## **Lufthansa Technik with record result, logistics result normalizes**

Demand for maintenance, overhaul and repair services and other Lufthansa Technik products remained high in the financial year 2023. Despite strained supply chains and rising material and personnel costs, Lufthansa Technik once again generated a record result in 2023. The operating profit for the past financial year amounted to 628 million euros (previous year: 554 million euros). With its “Ambition 2030” growth plan, Lufthansa Technik is planning extensive investments in the expansion of its core business, the expansion of its global locations and the expansion of digital business models for the coming years.

Following some exceptional record years, demand for air freight has mostly normalized in 2023. Lufthansa Cargo's capacity increased by seven percent compared to the previous year, primarily due to the further recovery in passenger air traffic and the associated expansion of cargo capacity on passenger aircraft. Lufthansa Cargo generated Adjusted EBIT of 219 million euros in the financial year (previous year: 1.6 billion euros), which corresponds to a persistently strong operating margin of 7.4 percent.

## **Strong Adjusted Free Cashflow further reduces net debt**

To ensure the company's long-term ability to invest and further reduce debt, the focus in the 2023 financial year was once again on the generation of a strong cash flow.

Due to the good operating result, increasing bookings and strict management of receivables and liabilities, operating cashflow amounted to 4.9 billion euros (previous year: 5.2 billion euros). The previous year's figure included one-off effects resulting from the sharp ramp-up in demand after the end of the coronavirus restrictions. The Lufthansa Group's net capital expenditure rose by 23 percent year-on-year to 2.8 billion euros in 2023. The largest share of this was attributable to the modernization of the fleet through the purchase of new, fuel-efficient aircraft. Overall, the company generated an Adjusted Free Cashflow of 1.8 billion euros (previous year: 2.5 billion euros). This is the third highest free cashflow in the history of the Lufthansa Group.

Due to the positive free cashflow, net debt fell significantly to 5.7 billion euros (previous year: 6.9 billion euros) and was thereby around 1 billion euros below the pre-crisis level. Net pension obligations increased by 683 million euros to 2.7 billion euros (December 31, 2022: 2.0 billion euros) due to a 60 basis point decrease in the discount rate.

Equity increased to 9.7 billion euros as of December 31, 2023 (previous year: 8.5 billion euros). At 1.7, the leverage ratio, defined as the sum of net debt and net

pension liabilities in relation to Adjusted EBITDA, was again significantly lower than the previous year's figure of 2.3.

The Lufthansa Group's balance sheet strength was also recognized by global rating agencies. For the first time since the pandemic and as the only European network Airline Group, the Lufthansa Group is now again consistently rated investment grade by all four agencies in the market.

### **Shareholders to participate in profits**

For the first time since the coronavirus pandemic, shareholders are to participate directly in the company's strong earnings again. The Executive Board and Supervisory Board will propose a dividend of 0.30 euros per share for the 2023 financial year at the Annual General Meeting on May 7, 2024. This corresponds to a dividend yield of around four percent on the year-end share price. The proposed payout follows the Lufthansa Group's dividend policy of distributing between 20 and 40 percent of the Group's profit to shareholders.

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

"The strong result for the financial year 2023 is another important step in positioning the Lufthansa Group for the future. Our solid balance sheet and strong free cash flow enable us to make the necessary investments in our fleet and our product. I am convinced that these investments will pay off - for our customers, but also for our shareholders. Over the past three years, I have had the privilege of supporting the company in overcoming the crisis and putting the Group back on a solid financial footing. The Lufthansa Group has set itself the goal of continuing to pursue the path of profitable growth in order to increase the operating margin in the long term and continue to create value in the future. I am particularly pleased that we can once again allow our shareholders to participate in our success by resuming dividend payments."

### **Record investments on the customer side**

The Lufthansa Group's customers will also benefit to a large extent from the financially successful year 2023. In 2024, the Lufthansa Group will invest a record sum of around 4.5 billion euros in new aircraft, new seats, lounges, improved culinary and digital offerings in order to significantly increase customer satisfaction.

With the new "Allegris" cabins at Lufthansa, and "SWISS Senses" at SWISS, the Lufthansa Group airlines are setting new standards. Lufthansa guests will be able to experience the new features for the first time in May, initially on the connection from Munich to Vancouver (Canada).

The focus remains on operational stability, punctuality and improved customer communication. To achieve this, a major service offensive was launched across all passenger airlines in the Group at the beginning of the year.

### **Record for aircraft deliveries**

The Lufthansa Group is currently undergoing the largest fleet modernization in its history. In 2024, the company will again take delivery of more than 30 new aircraft, including around 20 long-haul jets. A double-digit number of Boeing 787-9 "Dreamliners", eight Airbus A350-900s and one Boeing 777 freighter will be delivered to the company. All these long-haul aircraft will fly for Lufthansa Airlines and Lufthansa Cargo. Never before in our history have we been expecting the delivery of so many new long-haul aircraft for Lufthansa in just one year. In total, the Lufthansa Group currently has over 250 latest generation aircraft on its order list - another record. In the medium term, the modernization will lead to the decommissioning of older sub-fleets, leading to a significant increase in customer comfort as well as a sustainable reduction in CO<sub>2</sub> emissions. The significantly more fuel-efficient aircraft consume up to 30 percent less kerosene compared to their respective predecessor models and emit correspondingly less CO<sub>2</sub>.

### **Lufthansa Group gives employees a share in the company's success**

With above-average collective wage agreements and variable remuneration, the Lufthansa Group also allows its employees to participate in the positive development of the company's results. Since mid-2022, the company has increased the remuneration of the professional groups at Deutsche Lufthansa AG by over 10 percent. For the past year, the company is paying Lufthansa Group employees profit-sharing payments agreed with the social partners amounting to over half a billion euros. Over 13,000 employees were recruited last year and a further 13,000 recruitments are planned for the current year.

### **Dr. Michael Niggemann, Chief Human Resources Officer and Labor Director of Deutsche Lufthansa AG:**

"We are proud to be one of the best employers in the industry and want to remain so. Our employees perform exceptionally well every day. That's why we let them share in our economic success. We have significantly increased remuneration since mid-2022. The offers we have made in the current collective bargaining round are also above average. However, they naturally also take our economic performance into account. We face fierce international competition and need economic success - not only for good employment conditions, but also to invest in more fuel-efficient aircraft, new seats and cabin interiors or digital services, for example. We want to grow. However, this is only possible if we are competitive overall and also in terms of labor costs. The uncompromising strikes by the trade

union Verdi are damaging our guests, the company and ultimately our employees. We are always open to short-term negotiations with Verdi - however, we bear joint responsibility for finding good solutions. Verdi must suspend strike action and be prepared to enter into constructive negotiations without preconditions."

**Outlook**

The Lufthansa Group expects a continued increase in the demand for flight tickets in the current year. Already now demand is high, especially for flights during the Easter and summer vacation periods. Despite the increase in capacity, the load factors booked for the next three months are above last year's level. The most popular destinations are Spain, Italy, Greece, and other Mediterranean countries. The Lufthansa Group's passenger airlines also experience continued high demand for service to and from North America.

Due to the strong demand, the Group is further expanding the capacity offer of its passenger airlines. However, also in 2024, the focus will remain on ensuring stable flight operations in order to further improve regularity and punctuality. For the full year, the Lufthansa Group anticipates an average capacity offer of around 94 percent compared to 2019. This corresponds to a year-on-year growth of around 12 percent.

Lufthansa Group revenue is expected to increase significantly in the 2024 financial year. The unit revenues of the passenger airlines are expected to be stable or only slightly below the previous year level, while unit costs are expected to remain stable. Adjusted EBIT for the Passenger Airlines is therefore expected to be on par with the previous year, as is the operating result in the Logistics and MRO segments. The Group's operating result (Adjusted EBIT) is also expected to be on the same level as in 2023. The Group remains committed to its goal of generating a sustainable Adjusted EBIT margin of at least 8 percent. Adjusted free cash flow is forecasted to reach at least 1.5 billion euros. Net capex is expected to amount to 2.5 to 3 billion euros. Higher gross investments will be partly offset by inflows from sale-and-lease-back transactions.

In line with the usual seasonality, results will be particularly strong in the second and third quarter of the year. In the first quarter, the Adjusted EBIT loss is expected to be higher than in the previous year, due to the impact of the strikes on earnings and a decline in profits in the Logistics division, which in the first quarter of the previous year still benefited considerably from the exceptionally strong development of the air freight market in connection with the coronavirus pandemic.

## **Transformation into an airline group and internationalization remain focus**

The Lufthansa Group continues to systematically drive forward its transformation from an aviation group to a global airline group. The sale of the catering business (LSG Group) was completed at the end of October 2023. The company expects the sale of the payment specialist AirPlus to be completed in summer 2024.

The Group is also expecting the EU Commission's approval for an investment in the Italian airline ITA Airways over the course of this year. The Lufthansa Group is working closely and constructively with the EU Commission to achieve a swift conclusion and subsequent implementation of the transaction.

With the planned investment in ITA Airways, the Lufthansa Group is driving forward the internationalization of the company in order to make better use of attractive growth opportunities abroad.

## **More than 1 million Green Fare tickets sold**

The Lufthansa Group remains strongly committed to increasing the availability and use of Sustainable Aviation Fuel (SAF). Lufthansa was the first airline worldwide to start using SAF in regular flight operations back in 2011. In addition, the Lufthansa Group also intends to use innovative solutions for filtering CO<sub>2</sub> from the air and storing it underground to offset unavoidable CO<sub>2</sub> emissions. The company is expanding its technology partnerships in this area.

Already today, the Lufthansa Group is a global leader in offers and services for more sustainable flying. More than one million Green Fares have already been sold on flights in Europe and to North Africa in the first year of the offer. The Lufthansa Group is currently also testing its Green Fares on selected long-haul flights. In addition, more and more corporate customers are taking advantage of the opportunity to offset flight-related CO<sub>2</sub> emissions: In 2023, more than 1,500 companies worldwide invested in SAF with the Lufthansa Group.

## **Further information**

Further information on the results of individual business segments will be published in the annual report. This will be published at the same time as this press release on March 7, 2024 at 7:00 a.m. CET at <https://investor-relations.lufthansagroup.com/en/investor-relations.html>

The annual press conference will be streamed live at <http://www.lufthansagroup.com> from 9:30 a.m. CET. The analyst call will be streamed live at <https://investor-relations.lufthansagroup.com/en/publications/financial-reports.html> from 12:30 p.m. CET.

The traffic figures for 2023 will also be published at 7:00 a.m. at <https://investor-relations.lufthansagroup.com/en/publications/traffic-figures.html>.

		Jan - Dec 2023	Jan - Dec 2022	Change in %	Oct - Dec 2023	Oct - Dec 2022	Change in %
<b>Revenue and result</b>							
Total revenue	€m	35,422	30,895	15	8,761	8,356	5
of which traffic revenue	€m	29,926	25,864	16	7,343	6,960	6
Adjusted EBIT <sup>1)</sup>	€m	2,682	1,520	76	402	581	-31
Adjusted EBIT margin <sup>1)</sup>	%	7.6	4.9	2.7 P,	4.6	7.0	-2.4 P,
EBIT	€m	2,669	1,419	88	451	568	-21
Net profit/loss	€m	1,673	791	112	67	307	-78
Earnings per share	€	1.40	0.66	112	0.06	0.26	-77
<b>Key balance sheet and cash flow statement figures</b>							
Total assets	€m	45,321	43,335	5	-	-	-
Cash flow from operating activities <sup>1)</sup>	€m	4,945	5,168	-4	625	-160	
Net capital expenditures	€m	2,811	2,286	23	-390	-533	-27
Adjusted free cash flow <sup>1)</sup>	€m	1,846	2,526	-27	183	-786	
<b>Employees</b>							
Employees as of 31 December	number	96,677	109,509	-12	-	-	-

<sup>1)</sup> Previous year's figures have been adjusted due to amendments in the definition of the figures,

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