

**Annual General Meeting
Speech by the Chairman of the Executive
Board and CEO
of Deutsche Lufthansa AG
Carsten Spohr**

**Report for 2018
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I. Welcome / Review of 2018

Dear Shareholders,

I would like to start by wishing you all a good morning and bidding you a warm welcome to the 66th Annual General Meeting of Deutsche Lufthansa.

The short film that we have just seen shows part of the great diversity and fascination that make up our airline:

At Lufthansa, the traditional and modern complement each other in an ideal way.

We preserve the things that have proven themselves for many decades.

We modernize the things that are no longer up-to-date.

I am pleased to have the opportunity to tell you more about that today and to report on the current developments in your company.

Allow me to begin with a look at the past financial year:

2018 was one of the most successful financial years in the history of Lufthansa.

We recorded the second best result in the history of our company. The figures all add up, but not just the figures. We are showing strength and sustainability, and that is not something to be taken for granted in an industry as dynamic as the air transport industry.

II. Balance Sheet 2018 – Key Figures / Developments

Here the most important key figures:

We recorded the highest revenue in the history of our company at almost 36 billion euros, making us one of the top three airline groups worldwide by revenue.

We are also able to present you with an outstanding result for the fourth year in a row: The adjusted EBIT, our key performance indicator for economic success, stands at 2.8 billion euros.

And that despite considerable additional financial burdens of over one billion euros, most of it for fuel.

Nevertheless, we invested more than ever before in 2018: over 3.75 billion euros, most of which was invested in the modernization of our fleet.

At the same time, we reduced our unit costs for the third year in a row: by 1.7%.

And, we welcomed more passengers than ever before on board our airlines: over 142 million passengers opted for an airline of the Lufthansa Group in 2018, which is a new record.

The same is true for the capacity utilization of our aircraft, which was at the historic record level of 81.4% in 2018.

Dear Shareholders,

In summary, I can conclude:

Your company has become even stronger, more efficient and more modern.

We are again the undisputed number one in Europe.

Nothing speaks to the current strength of your company like our recent order for new aircraft. A total of 40 new long-haul aircraft will see us continue to modernize our fleet from 2022 onwards. The reasons are both economical and ecological, but I will get back to that later.

It is important to us that all of the stakeholders benefit from the modernization of the company: you, my dear shareholders, our customers and our staff.

The balance of this triangle is a decisive factor for the long-term, sustainable success of the company.

You, as our shareholders, will this year again share directly in the company's success with a dividend payment. We will be proposing a dividend of 80 eurocents per share at the Annual General Meeting. This equals 4% of the dividend.

We were not satisfied with the development of the Lufthansa share price in 2018. However, after a rise of 150% in the previous year, things could not continue at the same pace. The two-year comparison has us about 75% above the share price in 2016 and we have developed significantly better than the DAX during this same period.

Ladies and Gentlemen,

Our staff also benefit from the sustained success of the company, with future-proof jobs, new perspectives and higher variable remuneration. That also makes me very happy, because we are proud to have the best staff in the industry, now over 135,000.

You are the ones who have earned the growth and record results of recent years.

Especially during the last summer our colleagues in flight operations and at the stations did a great job and worked at the absolute limit.

For that: a major THANK YOU!

All the more we are pleased that we could employ over 8,000 new colleagues in 2018 and are planning to employ a further 5,500 new staff this year.

We have continued to improve our products and services for our customers – a fact not only reflected in our rising passenger figures. It can also be seen in the numerous awards. At the end of March Lufthansa was voted the “Airline of the Year” by “Air Transport World” magazine. We are the first European airline to win this prestigious award in 14 years and that makes us very proud.

However, our joy at these pleasing developments and the good figures is not entirely untroubled, as the year 2018 was also a difficult one for our customers.

The hot summer of 2018 also had its downsides, which included flight delays and cancellations. Leaving many of our customers disappointed.

A lot has been discussed and written about the operational problems:

about the disproportionately strong growth of air transport and about the infrastructure, whose modernization cannot keep up with this pace.

The security checks at German airports are a major problem.

The more modern technology and processes at other European airports mean that the controls are twice as fast. We are talking to the politicians and airports about this.

The German Air Navigation Services (DFS) are short on staff and lack the flexibility to deploy the existing air traffic controllers in an optimal way.

The modernization of European airspace is not progressing, neither organizationally nor technologically.

We cannot afford such infrastructure deficits in the long run. Over two thirds of our passengers are transfer passengers and could easily use alternative connections and hubs abroad. And they will, if we do not solve our problems in Germany.

All of the partners in air transport must act in concert with the policy makers.

There is much at stake: the reputation of Germany as a hub of air transport; our quality and reliability; and last but not least, the future of Germany as export world champion, and thus the future of the world’s fourth largest economy.

We need growth; of that, there can be no doubt; however, we do not need blind growth.

We need qualitative and responsible growth.

Tickets for less than 10 euros, like at some of our competitors, are – economically unreasonable, environmentally unreasonable and politically unreasonable.

That is why we must lead the way by setting a good example.

The Lufthansa Group has reduced its planned growth for summer 2019 by half: from 3.8% to 1.9%.

At Eurowings, we are even planning to forego growth altogether this year. Our focus there is on continuing to stabilize reliability and punctuality.

We plan to improve operational processes throughout the Group with a total of 400 individual measures.

We are employing 600 additional staff for the sole purpose of stabilizing flight operations. We maintain 37 reserve aircraft.

However, we cannot ensure stable and punctual flight operations without measures alone. Air transport requires perfect interaction between all of the partners. That is currently not yet the case, but we are working on it – together.

We are getting better, at least that was what the past Easter holidays showed.

III. Developments in the Business Segments

Ladies and Gentlemen,

Let us now have a look at the individual business segments.

The Network Airlines, Lufthansa, Swiss and Austrian Airlines, again improved their results. They earned over 2.4 billion euros and that despite the significant increase in fuel costs.

Lufthansa, our core brand, leads the way. Lufthansa consolidated its leading role in the Group and once again improved its result. A big thank you to the teams of Wilken Bormann in Munich and Klaus Froese in Frankfurt.

SWISS also improved its result again. Thomas Klühr and his team are continuing to write their success story.

Austrian Airlines continues to face the challenge of improving its result.

The new Chairman and CEO, Alexis von Hoensbroech, has launched a 10-point programme aimed at improving efficiency and results.

Our Network Airlines have just launched the greatest product offensive of all time. We named it “new premium”. Over the next few years, we will be investing a further 2.5 billion euros: in new cabins and seats in all classes; in an entirely new Business Class – the best and most individual of all time; in a significantly larger lounge offer; and in the expansion of digital services.

In addition to our Premium Airlines, Eurowings has established itself in the point-to-point traffic segment.

Our business model with Premium Network Airlines and a young second product line is working. Eurowings has grown rapid. Its fleet counts 205 aircraft.

Last year alone Eurowings integrated 77 aircraft from the former Air Berlin into its fleet. A total of 3,000 new staff were employed for these aircraft alone.

An unprecedented Herculean feat unlike anything before in aviation history.

A warm thank you to Thorsten Dirks and the whole team.

The integration of the Air Berlin aircraft placed a significant burden on the Eurowings result. The airline recorded a result of minus 231 million euros for 2018, but that was something that we had to accept.

That was the only way to close the gaps in German air transport; the only way to take advantage of a unique opportunity in the European consolidation process; and the only way to invest in market size and market presence.

However, the Lufthansa Group is not made up of passenger airlines alone. We are also very proud of our service companies.

Lufthansa Cargo has consolidated its market position as Europe's largest freight airline. Revenue and profit again surpassed the previous year's figures. Our cargo segment earned 268 million euros. The difficult years of cost cutting are paying off. Peter Gerber and his team are now focussing on the consistent digitalization of the freight chain and on new partnerships.

Lufthansa MRO also posted a sustainably improved result at 425 million euros. Johannes Bussmann and his team put in another great performance. Every fifth commercial aircraft worldwide is serviced and maintained by LHT.

LSG increased its result from the previous year by 74% to 115 million euros. We are very pleased with the remarkable performance by Erdmann Rauer and his team. Nevertheless, we believe that our catering business segment would have even better opportunities in the future with an altered ownership structure. We have initiated the sale process. The outcome is still open, but the positive interest makes us optimistic.

That concludes my look at the individual business segments of the group.

IV. Topics That Affect Us and That We Can Have an Effect on

I would now like to speak about some issue that affect us and that we can have an effect on.

These include globalization and digitalization.

These two megatrends have completely changed our company and working environment. Lufthansa has always been one of the engines of globalization. Our entire industry makes an indispensable contribution to globalization.

And we have always been an engine of digitalization. We can proudly look back on a culture of internalized innovation and digitalization that dates back decades.

However, we are also aware that digital alone is not enough.

We have to motivate the staff in our company.

We have to inspire customers to choose our airlines.

And that is why we will continue to focus on “real” flying and digital development.

Ladies and Gentlemen,

A lot has changed at Lufthansa over the last few years, but we are back to playing an active role in shaping the development of our industry. After years of modernization Lufthansa is now stable and sustainably aligned. We have reached a new cruising altitude. The continued success of our company also brings with it a greater responsibility to society. It is no longer enough to *only* record profits. In order to achieve sustainable success as a company, we must also create a lasting balance: between the known interests of our customers, staff and shareholders on the one side, and increasingly also with society and the environment on the other side.

We are active all over the world with our aid organization, the help alliance. We pool all of the Group's social and humanitarian projects under a single roof. The help alliance was founded by Lufthansa staff almost 20 years ago. Over the past two decades, our aid organization has provided thousands of people, and young people in particular, with sustainable aid.

Our social commitment naturally also includes the environment. We have been investing over two billion euros a year in quiet, fuel-efficient aircraft for many years. That will remain our most powerful lever for the foreseeable future, when it comes to flying as environmentally friendly as possible. We will be receiving 221 new aircraft between 2019 and 2027. That means our entire long-haul fleet will be fundamentally modernized by the middle of the next decade. Only a few weeks ago we ordered (as I briefly touched on at the beginning of my speech) 40 new state-of-the-art long-haul aircraft: 20 Boeing 787-9 and 20 Airbus A350-900. We quite consciously already ordered and invested now to replace less efficient aircraft. The new aircraft will again significantly reduce our CO₂ emissions by about 1.5 million tonnes per year.

In addition, the new aircraft are 50% quieter, an important issue for anyone living close to an airport. We didn't want to wait any longer.

The continuous modernization of our fleets is paying off: for humankind, the environment and our company.

But we want to and will do more. This year, we began offsetting the CO₂ emissions for all staff flights with the "myclimate" climate protection foundation. For our customers we will make the option of CO₂ compensation more visible and more easily accessible in our booking masks. On the ground, we will switch to a CO₂-neutral operation, wherever possible, by the middle of the decade. That means 100% green electricity for our buildings and 100% emission-free engines for our vehicles.

At the political level, we have been calling for a standardized European airspace for years, a Schengen of the skies. The implementation of a Single European Sky would mean an end to unnecessary diversions. The airlines of the Lufthansa Group alone would be able to reduce their CO₂ emissions by three million tonnes per year. Let us also talk about Europe at today's Annual General Meeting, because our home-market Europe is changing. As a European company we will not stop standing up for a united Europe. We are particularly concerned by the recent negative developments, such as nationalism, isolationism and protectionism. For decades, we have benefited from open markets, diversity and transparency. These were the accomplishments of Europe that allowed Deutsche Lufthansa to become the number one in Europe and a global player. We have since become the epitome of a European company, with strong roots in Germany and wings spread out across Europe. Our airlines SWISS, Austrian Airlines, Brussels Airlines, Eurowings, Air Dolomiti and others make us Europe's home carrier. Europe's home airline.

We owe this and much more to Europe.

We want to take a stance and stand up for the European idea: a free and united Europe. We connect families, friends and business partners on our continent with 3,000 European flights per day. They contribute to cultural exchange and international understanding.

To send a clear message we have been calling on all Europeans to say YES to Europe with our own Airbus A320 in the Say yes to Europe livery.

We say YES to Europe with the greatest conviction.

V. Closing Remarks / Outlook

That brings me to my concluding remarks and the outlook.

We just announced the figures for the first quarter of 2017. The rising oil prices and considerable excess capacities in Europe have placed a burden on the result. Nevertheless, we remain optimistic.

I can promise you three things about 2019:

1. We will continue to consistently maintain our strategic course.
2. We will continue to consolidate our market position.
3. We will record another good result in 2019.

Our sustainable business model has proven itself.

It is based on economic success, on fair play and responsibility, and on the balance between all stakeholders, including society and the environment.

We owe our business success to our staff, our customers and our shareholders; for that, I would like to take this opportunity to express my sincere gratitude to all of you. For your commitment and your loyalty. For the constructive criticism that helps us to improve and for your confidence in our work as management team.

I hope you will continue to accompany us – stay with us, we merit your trust!

Thank you!