



PRESS RELEASE

Frankfurt, October 27, 2022

Lufthansa Group generates operating profit of 1.1 billion euros in the third quarter - Demand for air travel remains strong

- **Passenger Airlines earnings increase significantly**
- **Logistics and MRO expect record results for 2022**
- **Adjusted free cash flow of 410 million euros in the third quarter**
- **Travel demand continues unabated: Demand for flights remains strong in fourth quarter**
- **Full-year outlook raised: Operating profit of more than one billion euros and Adjusted free cash flow of over two billion euros expected in 2022**
- **Lufthansa Group repays stabilization measures in Austria and Belgium in full and ahead of schedule**

Carsten Spohr, CEO of Deutsche Lufthansa AG, said:

"The Lufthansa Group achieved a very strong result in the third quarter with an operating profit of over one billion euros, thus demonstrating its regained profitability. All business segments, passenger airlines as well as logistics and MRO, contributed to this success. This once again underlines the strength of our portfolio. The Lufthansa Group has economically left the pandemic behind and is looking optimistically into the future. After all, the desire to travel and thus the demand for air travel continues unabated. Now we are focusing on the future and launching the biggest product renewal in our history. We are investing in 200 new aircraft and offering perspectives for our employees around the world. It remains our ambition to further strengthen our position among the top 5 airline groups in the world."

Results

Group revenue almost doubled compared to last year (+93 percent), reaching 10.1 billion euros in the third quarter (previous year: 5.2 billion euros).

The company generated an Adjusted EBIT of 1.1 billion euros in the third quarter of 2022, including an impact from strikes of around 70 million euros. In the same period last year, operating profit was 251 million euros. The operating margin amounted to 11.2 percent (prior year: 4.8 percent). Net income increased significantly in the third quarter to 809 million euros (previous year: -72 million euros).

Load factor at Lufthansa Group Airlines at 2019 level

The number of passengers travelling on board of the passenger airlines increased significantly in the third quarter compared with the previous year. Between July and September, more than 33 million passengers flew with the airlines of the Lufthansa Group (previous year: 20 million).

The development of yields was particularly positive. In the third quarter, yields were on average 23 percent higher than in 2019 and thus reached a new record level. At just over 86 percent, the average seat load factor was back at the level of the record years before the Coronavirus pandemic. Load factors in Business and First Class were even higher than in 2019. Especially remarkable was the continued high premium demand from leisure travelers. Bookings among business travelers also continued to recover. Revenues in this segment are now back at around 70 percent of the pre-crisis level.

Due to the high demand and strong average yields, the Passenger Airlines segment returned to profitability with a positive Adjusted EBIT of 709 million euros (previous year: -193 million euros). All airlines in the segment generated an operating profit individually as well.

In the third quarter, the airlines' result was burdened by costs for irregularities in air traffic amounting to 239 million euros.

Lufthansa Cargo and Lufthansa Technik on course for new record year, Catering on course for recovery

Lufthansa Cargo again achieved a record result. Although airfreight capacities on passenger aircraft are increasing again due to the continuation of air traffic recovery especially on the North Atlantic, average yields remain well above pre-crisis levels, especially on routes to Asia. Adjusted EBIT in the third quarter rose to 331 million euros (previous year: 302 million euros), an increase of 10 percent compared to last year's already very strong performance. In the first nine months of the year, Lufthansa Cargo has thus already achieved an operating profit of 1.3 billion euros (previous year: 943 million euros) and is on course for a full-year result even above last year's record 1.5 billion euros.

In the third quarter, Lufthansa Technik benefited from the high demand for air travel and the associated demand from airlines worldwide for maintenance and repair services. The volume of business was already back at around 90 percent of the pre-crisis level. Lufthansa Technik generated an Adjusted EBIT of 177 million euros in the third quarter (previous year: 149 million euros), the best quarter ever for the company. The forecast for the annual result was raised again. Lufthansa Technik is thus also heading for a new record for the full year.

The recovery also continued in the Catering segment. Demand picked up in North America in particular. However, due to the non-recurrence of government subsidies in 2021, earnings were down on the previous year at 6 million euros (previous year: 35 million euros).

Adjusted free cash flow again positive

The Lufthansa Group generated an Adjusted free cash flow of 410 million euros in the third quarter of 2022 (prior year: 43 million euros). The strong operating result and the effects of structural improvements in working capital management offset the outflows due to the seasonal reduction in bookings in the third quarter.

Net debt decreased further between July and September to 6.2 billion euros (31 December 2021: 9 billion euros).

Due to the further increase in the discount rate, the Lufthansa Group's net pension obligation has fallen by almost 70 percent since the end of the previous year and now stands at around 2.1 billion euros (31 December 2021: 6.5 billion euros). This had a positive effect on shareholders' equity, which doubled to 9.2 billion euros as of September 30 (31 December 2021: 4.5 billion euros). Available liquidity at the end of the quarter was 11.8 billion euros (31 December 2021: 9.4 billion euros).

Remco Steenbergen, Chief Financial Officer of Deutsche Lufthansa AG:

"A healthy balance sheet is the basis for profitable growth, especially in economically challenging times. We have already made very good progress in reducing our debt. Thanks to our strong cash flows, our refinancing needs will remain low in the coming quarters. With disciplined capacity management, our yield focus and strict control of spending, we are confident that we will continue to be able to compensate well for inflation-related cost increases."

Austrian Airlines and Brussels Airlines repay government stabilization measures early

Due to the strong increase in demand, a good liquidity development and the financial support of the Lufthansa Group, both Austrian Airlines and Brussels Airlines will repay the remaining government stabilization measures early by the end of the year. In Austria, Austrian Airlines will repay the remaining 210 million euros of the total loan, and in Belgium, Brussels Airlines will repay 290 million euros. This means that all stabilization measures will end prematurely at the end of 2022.

Outlook

The Lufthansa Group expects demand for air travel to remain strong in the coming months, with average yields remaining high. Passenger Airlines plan to offer around 80 percent of 2019 capacity in the fourth quarter. The Group expects to achieve an operating profit in the fourth quarter despite the usual seasonal slowdown in business.

In the fiscal year 2022, the result in the Logistics segment is expected to exceed the record level of the previous year, Lufthansa Technik will generate a higher profit than in 2021 and is expected to achieve a record result. The Passenger Airlines segment will also significantly improve its result compared with the previous year.

Based on these positive developments, Lufthansa Group is raising its earnings forecast for the Group as a whole. The Group now expects an Adjusted EBIT of over 1 billion euros in 2022. In addition, Lufthansa Group expects to generate an Adjusted free cash flow of over 2 billion euros in 2022. Net capital expenditure is expected to amount to circa 2.5 billion euros, in line with previous planning. The company is thus on track towards its medium-term targets for 2024 - an Adjusted EBIT margin of at least 8 percent and a return on capital employed (Adj. ROCE excl. cash) of at least 10 percent.

Further information

Further information on the results of individual business segments will be published in the report on the third quarter of 2022. This will be published simultaneously with this press release on October 27, 2022 at 7:00 a.m. CET at www.lufthansagroup.com/en/investor-relations.

Also at 7:00 a.m., traffic figures for the third quarter of 2022 will be posted at <https://investor-relations.lufthansagroup.com/en/publications/traffic-figures.html>

		Jan - Sep 2022	Jan - Sep 2021	Change in %	Jul - Sep 2022	Jul - Sep 2021	Change in %
Revenue and result							
Total revenue	€m	23,893	10,978	118	10,068	5,207	93
of which traffic revenue	€m	18,891	7,550	150	8,230	3,913	110
Adjusted EBIT ¹⁾	€m	934	-1,624		1,132	251	351
Adjusted EBIT margin ¹⁾	%	3.9	-14,8	18.7 pts	11.2	4.8	6.4 pts
EBIT	€m	826	-2,123		1,126	-9	
Net profit/loss	€m	484	-1,877		809	-72	
Earnings per share	€	0.40	-3,17		0,68	-0,15	
Key balance sheet and cash flow statement figures							
Total assets	€m	47,559	41,903	13	–	–	
Cash flow from operating activities ¹⁾	€m	5,328	513	939	887	466	90
Gross capital expenditures	€m	1,816	967	88	448	355	26
Net capital expenditures	€m	1,753	785	123	372	342	9
Adjusted free cash flow ¹⁾	€m	3,312	-528		410	43	853
Employees							
Employees as of 30 September	number	107,970	106,684	1	–	–	

¹⁾ Previous year's figures have been adjusted due to amendments in the definition of the figures.

Media Relations

Lufthansa Group
Phone+49 69 696 2999

<http://newsroom.lufthansagroup.com/>
Follow us on Twitter: @lufthansaNews