



## 1st Interim Report January – March 2017

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✈ Lufthansa Group reports best first quarter earnings since 2008 for the first quarter of 2017 / Adjusted EBIT up by EUR 78m to EUR 25m / Earnings improvement driven by service companies Lufthansa Technik and Lufthansa Cargo / Non-operating results amplify positive earnings trend / Revenues up by 11.2 per cent to EUR 7.7bn through consolidation of Brussels Airlines and higher traffic revenue

# Lufthansa Group overview

| Key figures Lufthansa Group                              |           | Jan. – March<br>2017 | Jan. – March<br>2016 | Change<br>in % |
|--|-----------|----------------------|----------------------|----------------|
| <b>Revenue and result</b>                                |           |                      |                      |                |
| Total revenue  | €m        | 7,691                | 6,916                | 11.2           |
| of which traffic revenue                                 | €m        | 5,808                | 5,235                | 10.9           |
| EBIT   | €m        | 16                   | -49                  |                |
| Adjusted EBIT  | €m        | 25                   | -53                  |                |
| EBITDA   | €m        | 438                  | 343                  | 27.7           |
| Net profit/loss for the period                           | €m        | -68                  | -8                   | -750.0         |
| <b>Key balance sheet and cash flow statement figures</b> |           |                      |                      |                |
| Total assets   | €m        | 37,946               | 33,311               | 13.9           |
| Equity ratio   | %         | 17.9                 | 14.5                 | 3.4 pts        |
| Net indebtedness   | €m        | 1,925                | 2,746                | -29.9          |
| Cash flow from operating activities                      | €m        | 1,648                | 1,102                | 49.5           |
| Capital expenditure (gross)                              | €m        | 557                  | 640                  | -13.0          |
| Free cash flow   | €m        | 1,094                | 578                  | 89.3           |
| <b>Key profitability and value creation figures</b>      |           |                      |                      |                |
| EBIT margin  | %         | 0.2                  | -0.7                 | 0.9 pts        |
| Adjusted EBIT margin                                     | %         | 0.3                  | -0.8                 | 1.1 pts        |
| EBITDA margin  | %         | 5.7                  | 5.0                  | 0.7 pts        |
| <b>Lufthansa share</b>                                   |           |                      |                      |                |
| Share price at the quarter-end                           | €         | 15.20                | 14.21                | 7.0            |
| Earnings per share                                       | €         | -0.15                | -0.02                | -650.0         |
| <b>Traffic figures*</b>                                  |           |                      |                      |                |
| Passengers   | thousands | 25,233               | 22,320               | 13.0           |
| Available seat-kilometres                                | millions  | 68,756               | 62,791               | 9.5            |
| Revenue seat-kilometres                                  | millions  | 52,346               | 47,021               | 11.3           |
| Passenger load factor                                    | %         | 76.1                 | 74.9                 | 1.2 pts        |
| Available cargo tonne-kilometres                         | millions  | 3,558                | 3,435                | 3.6            |
| Revenue cargo tonne-kilometres                           | millions  | 2,499                | 2,308                | 8.3            |
| Cargo load factor  | %         | 70.2                 | 67.2                 | 3.0 pts        |
| Total available tonne-kilometres                         | millions  | 10,003               | 9,733                | 2.8            |
| Total revenue tonne-kilometres                           | millions  | 7,347                | 6,934                | 6.0            |
| Overall load factor                                      | %         | 73.4                 | 71.2                 | 2.2 pts        |
| Flights  | number    | 246,283              | 232,410              | 6.0            |
| <b>Employees</b>   |           |                      |                      |                |
| Employees as of 31.3.                                    | number    | 128,541              | 121,894              | 5.5            |

\* Previous year's figures have been adjusted.  
Date of publication: 27 April 2017.

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Unless stated otherwise, all change figures refer to the corresponding period from the previous year. Due to rounding, some of the figures may not add up precisely to the stated totals, and percentages may not precisely reflect the absolute figures.

## Course of business

### Positive performance overall in first quarter of financial year

- Revenue up by 11.2 per cent to EUR 7.7bn, in particular due to first-time consolidation of Brussels Airlines and to higher traffic revenue at the airlines
- EBIT improves by EUR 65m to EUR 16m, Adjusted EBIT improves by EUR 78m to EUR 25m
- Positive earnings performance, especially in the Logistics and MRO segments
- Overall decline in earnings at Network Airlines and Point-to-Point Airlines due to higher fuel costs and positive non-recurring effect at Austrian Airlines in the previous year
- Cash flow from operating activities up by 49.5 per cent, free cash flow by 89.3 per cent
- Net indebtedness down on year-end 2016 by 28.7 per cent to EUR 1.9bn

### Development of collective bargaining structures pushed forward

- Lufthansa Group and the Vereinigung Cockpit pilots' union reach agreement in principle on all main collective bargaining topics on 15 March 2017
- Declaration of intent includes forward-looking rules on pay and productivity gains as well as retirement and transitional benefits for pilots at Lufthansa German Airlines, Lufthansa Cargo and Germanwings
- Collective agreements to be drafted by mid-year
- High three-digit million euro reduction in pension liabilities and significant positive one-off effect on EBIT expected in the current year from settlement with pilots

## Significant events

### Remaining shares in Brussels Airlines group acquired

- Deutsche Lufthansa AG takes over the remaining 55 per cent of the shares in SN Airholding SA/NV as of 9 January 2017
- Acquisition is based on the purchase and option agreement dating from 2008
- Strike price for the remaining shares of EUR 2.6m
- Brussels Airlines to be fully consolidated in the new Point-to-Point segment

### Wet-lease agreement with Air Berlin approved

- German Federal Cartel Office unconditionally approves the wet lease of 38 aircraft agreed between the Lufthansa Group and Air Berlin on 30 January 2017
- In the course of the transaction, the Lufthansa Group will acquire or lease up to 25 Airbus A320s from Air Berlin's lessors and will, in turn, itself lease them to Air Berlin for operation at market prices, in order to realise cost reductions for the wet lease

### Cooperation with Cathay Pacific Airways agreed

- Lufthansa Group and Cathay Pacific Airways sign code-share and frequent flyer agreement on 27 March 2017
- Successful marketing of joint capacities at the freight airlines since February 2017

## Financial performance

### Earnings position

#### Revenue and income up significantly

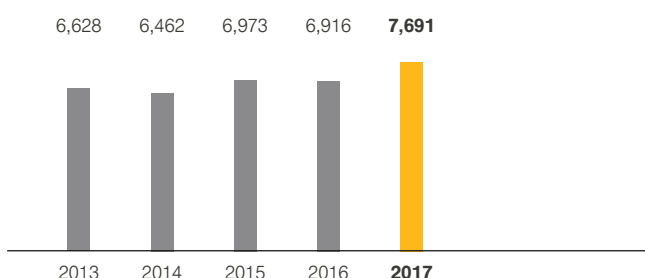
- Increased traffic in both the Lufthansa Group's passenger and freight business
- Revenue, expenses and income are affected by the first-time inclusion of SN Airholding in the group of consolidated companies of the Lufthansa Group

#### Revenue and income

|   | Jan. – March<br>2017<br>in €m | Jan. – March<br>2016<br>in €m | Change<br>in % |
|---|-------------------------------|-------------------------------|----------------|
| Traffic revenue   | 5,808                         | 5,235                         | 10.9           |
| Other revenue   | 1,883                         | 1,681                         | 12.0           |
| <b>Total revenue</b>  | <b>7,691</b>                  | <b>6,916</b>                  | <b>11.2</b>    |
| Changes in inventories and work performed by the entity and capitalised | 55                            | 31                            | 77.4           |
| Other operating income  | 506                           | 622                           | -18.6          |
| <b>Total operating income</b>   | <b>8,252</b>                  | <b>7,569</b>                  | <b>9.0</b>     |

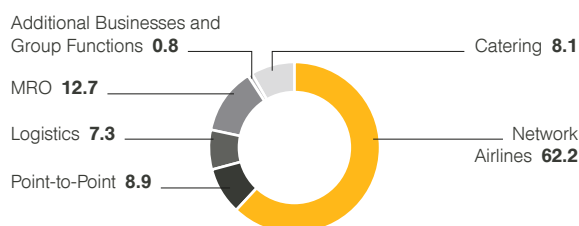
- Traffic revenue rises by 10.9 per cent in total to EUR 5.8bn, of which 4.9 percentage points are due to the first-time consolidation of SN Airholding
- In addition to the larger group of consolidated companies, the change in traffic revenue is due to higher volumes (+5.8 per cent), positive exchange rate effects (+1.4 per cent) and lower prices (–1.2 per cent)
- Other revenue up by 12.0 per cent to EUR 1.9bn, largely due to volumes

#### Revenue development in €m (Jan. – March)



- Revenue up by a total of 11.2 per cent to EUR 7.7bn
- Other operating income down by 18.6 per cent to EUR 506m, mainly due to lower exchange rate gains
- Total operating income increases by 9.0 per cent to EUR 8.3bn, of which 3.9 percentage points are due to the first-time consolidation of SN Airholding

#### External revenue share of the business segments in % (as of 31.3.2017)



#### Expenses also increase

- Operating expenses up by 8.6 per cent to EUR 8.2bn, of which 4.2 percentage points are due to the first-time consolidation of SN Airholding
- Cost of materials and services up by 11.4 per cent to EUR 4.4bn, of which 4.3 percentage points are due to the first-time consolidation of SN Airholding; fuel costs, which are included in the cost of materials and services, are up by 13.0 per cent (5.5 per cent due to the change in the group of consolidated companies); change in fuel expenses also due to price increases (+2.4 per cent), exchange rates (+3.5 per cent) and higher volumes (+1.6 per cent); fees and charges up by 8.6 per cent overall to EUR 1.4bn (of which +4.8 per cent due to consolidation changes)
- Staff costs up by 6.3 per cent to EUR 2.1bn; adjusted for changes in the group of consolidated companies, the average headcount increased by 2.3 per cent to 124,707 (128,541 including SN Airholding); without the first-time consolidation of SN Airholding, the increase would have been 4.0 per cent
- Depreciation and amortisation up by 7.7 per cent to EUR 422m, of which 5.7 percentage points are due to the first-time consolidation of SN Airholding; depreciation of aircraft up by 7.6 per cent to EUR 338m, in particular due to the first-time consolidation of SN Airholding
- Other operating expenses up by 3.7 per cent to EUR 1.4bn

#### Expenses

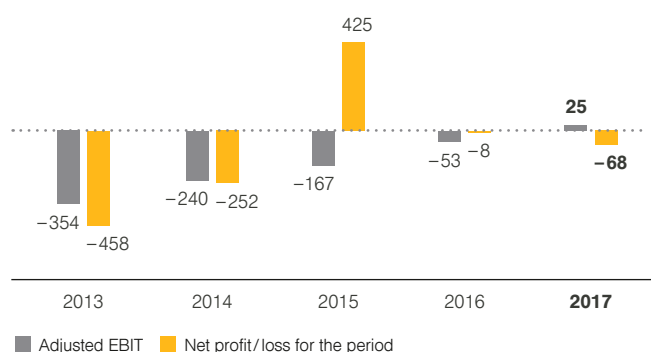
|                                 | Jan. – March 2017<br>in €m | Jan. – March 2016<br>in €m | Change<br>in % |
|---------------------------------|----------------------------|----------------------------|----------------|
| Cost of materials and services  | 4,386                      | 3,936                      | 11.4           |
| of which fuel                   | 1,210                      | 1,071                      | 13.0           |
| of which fees and charges       | 1,396                      | 1,285                      | 8.6            |
| of which operating lease        | 23                         | 15                         | 53.3           |
| Staff costs                     | 2,081                      | 1,957                      | 6.3            |
| Depreciation                    | 422                        | 392                        | 7.7            |
| Other operating expenses        | 1,353                      | 1,305                      | 3.7            |
| <b>Total operating expenses</b> | <b>8,242</b>               | <b>7,590</b>               | <b>8.6</b>     |

**Positive earnings performance**

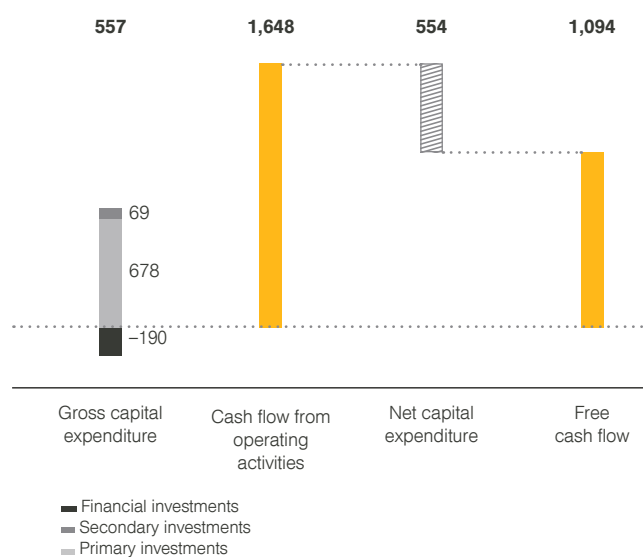
- Result from operating activities improves by EUR 31m to EUR 10m; without SN Airholding, the result from operating activities would have been EUR 22m higher
- Result from equity investments up by EUR 34m to EUR 6m
- EBIT improves by EUR 65m to EUR 16m, Adjusted EBIT improves by EUR 78m to EUR 25m

**Reconciliation with net profit/loss for the period**

- Decline of EUR 85m in other financial items to EUR 6m is primarily due to lower (previous year: higher) market values of derivative financial instruments
- Net interest down by 14.9 per cent to EUR -77m
- Result from operating activities (EUR 10m) and financial result (EUR -65m) add up to a loss before income taxes of EUR 55m (previous year: loss of EUR 25m)
- Income tax expense (EUR 4m) and earnings attributable to minority interests (EUR 9m) result in a net loss for the period of EUR 68m (previous year: loss of EUR 8m)

**Adjusted EBIT and net profit/loss for the period** in €m (Jan. – March)**Financial position**

- Financial position is affected by the first-time consolidation of SN Airholding
- Cash flow from operating activities up by EUR 546m to EUR 1.6bn, mainly due to the positive change in trade working capital (EUR +387m)
- Change in trade working capital driven by positive business performance; liabilities from unused flight documents – not including SN Airholding – up by 53.0 per cent on the same quarter of the previous year; changes in other assets and liabilities not recognised in profit or loss also improve cash flow from operating activities by EUR 121m
- Gross capital expenditure down by EUR 83m to EUR 557m, capital expenditure on aircraft up by EUR 201 to EUR 678m; cash outflows of EUR 757m are offset by cash and cash equivalents of EUR 200m acquired in the course of the first-time consolidation of SN Airholding
- Net capital expenditure down by EUR 30m to EUR -554m
- Cash outflows of EUR 1.1bn from the purchase and sale of non-current securities and funds
- Net cash outflows from investing and cash management activities up by EUR 878m to EUR 1.6bn
- Free cash flow (cash flow from operating activities less net capital expenditure) up by EUR 516m to EUR 1.1bn
- Net cash inflows from financing activities of EUR 352m relate largely to the issue of a borrower's note loan (EUR 660m) as well as to scheduled capital repayments (EUR 262m) and interest payments (EUR 71m)
- Cash and cash equivalents up by EUR 395m in total to EUR 1.5bn since the beginning of the year
- Internal financing ratio up from 172.2 per cent to 295.9 per cent

**Cash flow and capital expenditure** in €m (as of 31.3.2017)

## Net assets

- Net assets are affected by the first-time consolidation of SN Airholding
- Total assets up on year-end 2016 by 9.4 per cent to EUR 37.9bn
- Non-current assets rise by 3.9 per cent to EUR 25.5bn; this includes aircraft and reserve engines, up by 3.9 per cent to EUR 15.4bn, of which EUR 273m, or 1.8 per cent, stems from the first-time consolidation of SN Airholding; intangible assets such as goodwill, brand and customer base valued at a total of EUR 163m are also recognised in the course of consolidating SN Airholding
- Derivative financial instruments down by 10.6 per cent to EUR 1.3bn; decline largely due to lower market values of fuel and currency hedges
- Deferred tax assets up by 18.3 per cent to EUR 1.7bn, partly due to higher pension obligations as a result of interest rates
- Current assets up by 22.5 per cent to EUR 12.5bn; alongside the acquisition of SN Airholding (+3.2 per cent), receivables included here up by 20.1 per cent to EUR 5.5bn for seasonal and billing reasons
- Derivative financial instruments fall by 32.2 per cent to EUR 362m, principally due to lower market values of fuel and currency hedges
- Cash and cash equivalents, consisting of current securities and cash-in-hand, up by 36.9 per cent to EUR 5.4bn due to positive free cash flow and to the first-time consolidation of SN Airholding; of this, EUR 1.6bn has already been invested as part of the change to the system of transitional benefits for cabin crew at Lufthansa German Airlines, but it has not yet been transferred to the trust fund
- Non-current assets as proportion of total assets down by 3.5 percentage points to 67.1 per cent

### Calculation of net indebtedness

|  | <b>31 March<br/>2017</b><br>in €m | 31 Dec.<br>2016<br>in €m | Change<br>in % |
|--|-----------------------------------|--------------------------|----------------|
| Liabilities to banks                     | 2,339                             | 1,775                    | 31.8           |
| Bonds                                    | 1,006                             | 1,009                    | -0.3           |
| Other non-current borrowing              | 3,938                             | 3,791                    | 3.9            |
|  | <b>7,283</b>                      | <b>6,575</b>             | <b>10.8</b>    |
| Other bank borrowing                     | 31                                | 63                       | -50.8          |
| <b>Group indebtedness</b>                | <b>7,314</b>                      | <b>6,638</b>             | <b>10.2</b>    |
| Cash and cash equivalents                | 1,657                             | 1,256                    | 31.9           |
| Securities                               | 3,732                             | 2,681                    | 39.2           |
| <b>Net indebtedness</b>                  | <b>1,925</b>                      | <b>2,701</b>             | <b>-28.7</b>   |
| Pension provisions                       | 8,656                             | 8,364                    | 3.5            |
| <b>Net indebtedness<br/>and pensions</b> | <b>10,581</b>                     | <b>11,065</b>            | <b>-4.4</b>    |

- Equity down by 4.7 per cent overall to EUR 6.8bn due to the lower market values of hedging transactions as well as to the higher valuation of pension provisions, recognised directly in equity, compared with year-end 2016 and despite a net result close to zero
- Equity ratio down by 2.7 percentage points to 17.9 per cent as total assets rose significantly at the same time
- Non-current liabilities and provisions up by 6.7 per cent on year-end 2016 to EUR 17.6bn, of which 2.2 percentage points are due to the first-time consolidation of SN Airholding
- Pension provisions up by 3.5 per cent to EUR 8.7bn, mainly due to fall in discount rate from 2.1 per cent to 2.0 per cent

- Borrowing increases by 11.5 per cent to EUR 6.5bn due to a new borrower's note loan (EUR 660m); additional debt from SN Airholding is offset by reclassifications due to maturities
- Current liabilities and provisions up by 22.6 per cent on year-end 2016 to EUR 13.5bn, of which 5.1 percentage points are due to the first-time consolidation of SN Airholding
- Other provisions down by 7.1 per cent to EUR 990m
- Liabilities from unused flight documents increase due to higher advance bookings, as well as for seasonal and billing reasons, by 61.9 per cent to EUR 4.9bn, of which 9.2 percentage points are due to the first-time consolidation of SN Airholding
- Net debt down on year-end 2016 by 28.7 per cent to EUR 1.9bn

## Reconciliation of results

| in €m   | Jan. – March 2017 |                              | Jan. – March 2016 |                              |
|---|-------------------|------------------------------|-------------------|------------------------------|
|   | Income statement  | Reconciliation Adjusted EBIT | Income statement  | Reconciliation Adjusted EBIT |
| <b>Total revenue</b>  | <b>7,691</b>      | <b>–</b>                     | <b>6,916</b>      | <b>–</b>                     |
| Changes in inventories  | 55                | –                            | 31                | –                            |
| Other operating income  | 506               | –                            | 622               | –                            |
| of which book gains   |                   | –24                          |                   | –6                           |
| of which write-ups on capital assets                                      |                   | 0*                           |                   | 0*                           |
| of which badwill  |                   | 0*                           |                   | 0*                           |
| <b>Total operating income</b>   | <b>8,252</b>      | <b>–24</b>                   | <b>7,569</b>      | <b>–6</b>                    |
| Cost of materials and services  | –4,386            | –                            | –3,936            | –                            |
| Staff costs   | –2,081            | –                            | –1,957            | –                            |
| of which past service costs/settlement                                    |                   | 32                           |                   | 0*                           |
| Depreciation  | –422              | –                            | –392              | –                            |
| of which impairment losses  |                   | 0*                           |                   | 1                            |
| Other operating expenses  | –1,353            | –                            | –1,305            | –                            |
| of which impairment losses on assets held for sale                        |                   | 0*                           |                   | 0*                           |
| of which expenses incurred from book losses                               |                   | 1                            |                   | 1                            |
| <b>Total operating expenses</b>   | <b>–8,242</b>     | <b>33</b>                    | <b>–7,590</b>     | <b>2</b>                     |
| <b>Profit/loss from operating activities</b>                              | <b>10</b>         | <b>–</b>                     | <b>–21</b>        | <b>–</b>                     |
| Result from equity investments  | 6                 | –                            | –28               | –                            |
| <b>EBIT</b>   | <b>16</b>         | <b>–</b>                     | <b>–49</b>        | <b>–</b>                     |
| Total amount of reconciliation Adjusted EBIT                              |                   | 9                            |                   | –4                           |
| <b>Adjusted EBIT</b>  |                   | <b>25</b>                    |                   | <b>–53</b>                   |
| Write-downs (included in profit from operating activities)                | 422               | –                            | 392               | –                            |
| Write-downs on financial investments, securities and assets held for sale | 0*                | –                            | 0*                | –                            |
| <b>EBITDA</b>   | <b>438</b>        | <b>–</b>                     | <b>343</b>        | <b>–</b>                     |

\* Rounded below EUR 1m.

## Business segments

- Changes in the group of consolidated companies at business segments implemented at the beginning of financial year 2017 in line with new internal organisation; now divided according to strategic pillars into the Network Airlines, Point-to-Point and Aviation Services business segments
- Eurowings, Brussels Airlines and the equity investment in SunExpress removed from Passenger Airline Group segment and integrated into separate Point-to-Point segment
- Lufthansa Passenger Airlines renamed Lufthansa German Airlines
- Operating segments in Aviation Services unchanged; Lufthansa Aviation Training, which was consolidated in the Passenger Airline Group segment, was allocated to the Additional Businesses and Group Functions
- Figures for the previous year adjusted accordingly

## Network Airlines

- Cooperation with Cathay Pacific Airways agreed
- Traffic revenue up by 4.3 per cent to EUR 4.5bn due to higher volumes (+3.3 per cent), positive exchange rate effects (+1.4 per cent) and lower prices (–0.4 per cent)
- Other operating income down by 34.9 per cent overall to EUR 194m, mainly due to lower exchange rate gains (–53.1 per cent)
- Operating expenses up by 4.3 per cent to EUR 5.2bn
- Cost of materials and services up by 4.6 per cent to EUR 3.1bn, mainly due to greater fuel expenses as a result of pricing (+3.3 per cent) and to higher costs for purchased MRO services (+14.4 per cent)
- At a 4.7 per cent lower headcount, staff costs fall by 2.7 per cent to EUR 1.0bn; the main driver is the reallocation of staff to the Additional Businesses and Group Functions segment; in turn, other operating expenses also increase

### Key figures Network Airlines

|  |           | Jan. – March 2017 | Jan. – March 2016 <sup>2)</sup> | Change in % |
|--|-----------|-------------------|---------------------------------|-------------|
| Revenue  | €m        | 4,929             | 4,705                           | 4.8         |
| of which with companies of the Lufthansa Group | €m        | 145               | 161                             | –9.9        |
| EBIT   | €m        | –53               | 38                              |             |
| Adjusted EBIT                                  | €m        | –40               | 36                              |             |
| EBITDA <sup>1)</sup>                           | €m        | 264               | 340                             | –22.4       |
| Segment capital expenditure                    | €m        | 564               | 473                             | 19.2        |
| Employees as of 31.3.                          | number    | 49,294            | 51,708                          | –4.7        |
| Passengers                                     | thousands | 19,684            | 19,017                          | 3.5         |
| Flights  | number    | 188,889           | 193,983                         | –2.6        |
| Available seat-kilometres                      | millions  | 58,831            | 58,121                          | 1.2         |
| Revenue seat-kilometres                        | millions  | 45,009            | 43,567                          | 3.3         |
| Passenger load factor                          | %         | 76.5              | 75.0                            | 1.5 pts     |
| Yields   | € Cent    | 10.0              | 9.9                             | 1.0         |

<sup>1)</sup> Before profit/loss transfer from other intra-Group companies.

<sup>2)</sup> Previous year's figures have been adjusted, in particular due to the restructuring of business segments.

- Depreciation and amortisation stable year on year at EUR 301m
- Other operating expenses up by a total of 15.4 per cent to EUR 818m, partly due to the process services provided by Central Group Functions to the Lufthansa German Airlines, SWISS and Austrian Airlines Network Airlines in the course of reallocating staff; personnel costs fall in turn
- EBIT down by EUR 91m to EUR –53m, Adjusted EBIT down by EUR 76m to EUR –40m
- Segment capital expenditure up by 19.2 per cent to EUR 564m, primarily for new aircraft

### Development of traffic regions

Network Airlines

|                    | Net traffic revenue in €m external revenue |             | Number of passengers in thousands |             | Available seat-kilometres in millions |             | Revenue seat-kilometres in millions |             | Passenger load factor in % |               |
|--------------------|--|-------------|-----------------------------------|-------------|---------------------------------------|-------------|-------------------------------------|-------------|----------------------------|---------------|
|                    | Jan. – March 2017                          | Change in % | Jan. – March 2017                 | Change in % | Jan. – March 2017                     | Change in % | Jan. – March 2017                   | Change in % | Jan. – March 2017          | Change in pts |
| Europe             | 1,813                                      | 3.7         | 14,903                            | 3.6         | 16,191                                | 0.4         | 11,367                              | 3.2         | 70.2                       | 1.9           |
| America            | 1,434                                      | 5.0         | 2,199                             | 1.7         | 21,951                                | 2.3         | 16,885                              | 2.0         | 76.9                       | –0.3          |
| Asia/Pacific       | 854  | 6.1         | 1,507                             | 3.8         | 14,543                                | –0.2        | 12,066                              | 4.4         | 83.0                       | 3.7           |
| Middle East/Africa | 381  | 0.8         | 1,075                             | 5.9         | 6,146                                 | 3.2         | 4,691                               | 5.9         | 76.3                       | 1.9           |
| <b>Total</b>       | <b>4,482</b>                               | <b>4.3</b>  | <b>19,684</b>                     | <b>3.5</b>  | <b>58,831</b>                         | <b>1.2</b>  | <b>45,009</b>                       | <b>3.3</b>  | <b>76.5</b>                | <b>1.5</b>    |



## Lufthansa German Airlines



### Key figures Lufthansa German Airlines<sup>1)</sup>

|                           |           | Jan. – March 2017 | Jan. – March 2016 <sup>2)</sup> | Change in % |
|---------------------------|-----------|-------------------|---------------------------------|-------------|
| Revenue                   | €m        | 3,482             | 3,350                           | 3.9         |
| EBIT                      | €m        | -34               | 54                              |             |
| Adjusted EBIT             | €m        | -12               | 45                              |             |
| EBITDA                    | €m        | 168               | 268                             | -37.3       |
| Employees as of 31.3.     | number    | 33,210            | 36,657                          | -9.4        |
| Passengers                | thousands | 13,711            | 13,338                          | 2.8         |
| Flights                   | number    | 123,579           | 127,348                         | -3.0        |
| Available seat-kilometres | millions  | 41,237            | 41,568                          | -0.8        |
| Revenue seat-kilometres   | millions  | 31,842            | 31,248                          | 1.9         |
| Passenger load factor     | %         | 77.2              | 75.2                            | 2.0 pts     |

<sup>1)</sup> Including regional partners.

<sup>2)</sup> Previous year's figures have been adjusted, in particular due to the restructuring of business segments.

- Airbus A350 fleet at Munich hub grows to two aircraft
- Terminal 2 at Munich Airport voted best terminal in the world at the World Airport Awards 2017 organised by the Skytrax Institute in London
- Revenue up by 3.9 per cent to EUR 3.5bn
- Operating expenses up by 4.2 per cent to EUR 3.7bn
- Key drivers were MRO expenses, which rose by 16.9 per cent to EUR 374m; fuel costs go up by 2.2 per cent to EUR 693m
- EBIT down by EUR 88m to EUR -34m, Adjusted EBIT down by EUR 57m to EUR -12m; EBIT includes valuation effects for pensions for cabin crew that are eliminated in the reconciliation to Adjusted EBIT

## SWISS



### Key figures SWISS<sup>1)</sup>

|                           |           | Jan. – March 2017 | Jan. – March 2016 <sup>2)</sup> | Change in % |
|---------------------------|-----------|-------------------|---------------------------------|-------------|
| Revenue                   | €m        | 1,061             | 984                             | 7.8         |
| EBIT                      | €m        | 37                | 21                              | 76.2        |
| Adjusted EBIT             | €m        | 35                | 21                              | 66.7        |
| EBITDA                    | €m        | 106               | 83                              | 27.7        |
| Employees as of 31.3.     | number    | 9,499             | 8,902                           | 6.7         |
| Passengers                | thousands | 3,928             | 3,697                           | 6.3         |
| Flights                   | number    | 37,560            | 38,924                          | -3.5        |
| Available seat-kilometres | millions  | 12,594            | 11,665                          | 8.0         |
| Revenue seat-kilometres   | millions  | 9,749             | 8,845                           | 10.2        |
| Passenger load factor     | %         | 77.4              | 75.8                            | 1.6 pts     |

<sup>1)</sup> Including Edelweiss Air. Further information on SWISS can be found at [www.swiss.com](http://www.swiss.com).

<sup>2)</sup> Previous year's figures have been adjusted, in particular due to the restructuring of business segments.

- Fleet renewal continues; first of a total of eight Bombardier C Series 100s stationed in Geneva; remaining options for five Bombardier C Series 100s converted to larger C Series 300s; SWISS will therefore get ten C Series 100s and 20 C Series 300s altogether

- Revenue up due to volumes by 7.8 per cent to EUR 1.1bn
- Operating expenses up by 5.4 per cent to EUR 1.1bn
- MRO expenses down by 14.5 per cent to EUR 71m; fuel costs up by 8.0 per cent to EUR 216m
- EBIT up by 76.2 per cent to EUR 37m, Adjusted EBIT up by 66.7 per cent to EUR 35m

## Austrian Airlines



### Key figures Austrian Airlines<sup>1)</sup>

|                                       |           | Jan. – March 2017 | Jan. – March 2016 | Change in % |
|---------------------------------------|-----------|-------------------|-------------------|-------------|
| Revenue                               | €m        | 440               | 400               | 10.0        |
| EBIT                                  | €m        | -55               | -29               | -89.7       |
| Adjusted EBIT                         | €m        | -59               | -30               | -96.7       |
| EBITDA                                | €m        | -25               | -2                | -1,150.0    |
| Employees as of 31.3.                 | number    | 6,585             | 6,149             | 7.1         |
| Passengers                            | thousands | 2,189             | 2,053             | 6.6         |
| Flights                               | number    | 29,808            | 28,909            | 3.1         |
| Available seat-kilometres             | millions  | 5,087             | 4,926             | 3.3         |
| Revenue seat-kilometres <sup>2)</sup> | millions  | 3,486             | 3,502             | -0.5        |
| Passenger load factor <sup>2)</sup>   | %         | 68.5              | 71.1              | -2.6 pts    |

<sup>1)</sup> Further information on Austrian Airlines can be found at [www.austrian.com](http://www.austrian.com).

<sup>2)</sup> Previous year's figures have been adjusted.

- Austrian parliament votes to halve ticket tax from 2018
- Three out of five A320s on wet lease from Air Berlin put into service
- Revenue up by 10.0 per cent to EUR 440m, partly due to higher traffic revenue
- Operating expenses up by 6.7 per cent to EUR 527m
- Key drivers were MRO expenses, which rose by 62.2 per cent to EUR 60m; fuel costs of EUR 80m are at the same level as last year
- EBIT down by 89.7 per cent to EUR -55m, Adjusted EBIT down by 96.7 per cent to EUR -59m
- Decline mainly due to positive one-off effect of new, long-term tenancy agreement at Vienna Airport in the previous year

## Point-to-Point

### Key figures Point-to-Point

|  |           | Jan. – March 2017 | Jan. – March 2016 | Change in % | of which SN Group |
|--|-----------|-------------------|-------------------|-------------|-------------------|
| Revenue  | €m        | 683               | 377               | 81.2        | 261               |
| of which with companies of the Lufthansa Group | €m        | –                 | –                 | –           | –                 |
| EBIT   | €m        | –133              | –124              | –7.3        | –43               |
| Adjusted EBIT                                  | €m        | –132              | –124              | –6.5        | –43               |
| EBITDA <sup>1)</sup>                           | €m        | –89               | –111              | 19.8        | –22               |
| Segment capital expenditure                    | €m        | 121               | 109               | 11.0        | 31                |
| Employees as of 31.3.                          | number    | 7,048             | 3,221             | 118.8       | 3,549             |
| Passengers                                     | thousands | 5,548             | 3,303             | 68.0        | 1,745             |
| Flights  | number    | 55,169            | 36,346            | 51.8        | 17,981            |
| Available seat-kilometres                      | millions  | 9,925             | 4,670             | 112.5       | 3,888             |
| Revenue seat-kilometres                        | millions  | 7,337             | 3,454             | 112.4       | 2,806             |
| Passenger load factor                          | %         | 73.9              | 74.0              | –0.1 pts    | 72.2 pts          |
| Yields   | € Cent    | 9.0               | 10.9              | –17.6       | 8.6               |

<sup>1)</sup> Before profit/loss transfer from other intra-Group companies.

- Deutsche Lufthansa AG takes over the remaining 55 per cent of the shares in SN Airholding SA/NV as of 9 January 2017
- 20 out of a total of 33 aircraft on wet lease from Air Berlin put into service
- Revenue up by 81.2 per cent to EUR 683m, largely due to higher volumes and the consolidation of Brussels Airlines
- Operating expenses up by 74.2 per cent to EUR 838m
- Fuel costs included here up by 123.4 per cent to EUR 143m
- EBIT down by 7.3 per cent to EUR –133m, Adjusted EBIT down by 6.5 per cent to EUR –132m
- Earnings partly burdened by the first-time full consolidation of SN Airholding and project costs

### Development of traffic regions

#### Point-to-Point

|              | Net traffic revenue in €m external revenue |             | Number of passengers in thousands |             | Available seat-kilometres in millions |              | Revenue seat-kilometres in millions |              | Passenger load factor in % |               |
|--------------|--|-------------|-----------------------------------|-------------|---------------------------------------|--------------|-------------------------------------|--------------|----------------------------|---------------|
|              | Jan. – March 2017                          | Change in % | Jan. – March 2017                 | Change in % | Jan. – March 2017                     | Change in %  | Jan. – March 2017                   | Change in %  | Jan. – March 2017          | Change in pts |
| Short-haul   | 487  | 45.3        | 4,994                             | 58.2        | 6,040                                 | 68.3         | 4,118                               | 69.1         | 68.2                       | 0.3           |
| Long-haul    | 172  | 319.5       | 554                               | 277.0       | 3,885                                 | 259.0        | 3,220                               | 215.9        | 82.9                       | –11.3         |
| <b>Total</b> | <b>659</b>                                 | <b>75.3</b> | <b>5,548</b>                      | <b>68.0</b> | <b>9,925</b>                          | <b>112.5</b> | <b>7,337</b>                        | <b>112.4</b> | <b>73.9</b>                | <b>–0.1</b>   |

## Aviation Services

### Logistics

#### Key figures Logistics

|  |          | Jan. – March<br>2017 | Jan. – March<br>2016 | Change<br>in % |
|--|----------|----------------------|----------------------|----------------|
| Revenue  | €m       | 569                  | 480                  | 18.5           |
| of which with<br>companies of the<br>Lufthansa Group | €m       | 7                    | 7                    | 0.0            |
| EBIT   | €m       | 33                   | -19                  |                |
| Adjusted EBIT  | €m       | 33                   | -19                  |                |
| EBITDA <sup>1)</sup>                                 | €m       | 53                   | 2                    | 2,550.0        |
| Segment capital<br>expenditure                       | €m       | 6                    | 6                    | 0.0            |
| Employees as of 31.3.                                | number   | 4,500                | 4,543                | -0.9           |
| Available cargo<br>tonne-kilometres <sup>2)</sup>    | millions | 2,920                | 2,839                | 2.9            |
| Revenue cargo<br>tonne-kilometres <sup>2)</sup>      | millions | 2,046                | 1,925                | 6.3            |
| Cargo load factor <sup>2)</sup>                      | %        | 70.1                 | 67.8                 | 2.3 pts        |

<sup>1)</sup> Before profit/loss transfer from other intra-Group companies.

<sup>2)</sup> Previous year's figures have been adjusted.

- Successful start of partnership with Cathay Pacific Cargo
- Expansion of Lufthansa Cargo Cool Center begins
- Strategic cost-cutting programme underway; first activities successfully completed
- Revenue up by 18.5 per cent to EUR 569m, largely due to volumes and pricing
- Other operating income up by 15.4 per cent to EUR 15m
- Total operating income up by 18.5 per cent to EUR 584m
- Operating expenses up by 6.9 per cent to EUR 555m, primarily due to volumes and fuel-driven increase in cost of materials and services
- EBIT and Adjusted EBIT both up by EUR 52m to EUR 33m
- Segment capital expenditure stable year on year at EUR 6m

#### Development of traffic regions

##### Lufthansa Cargo

|                    | Net traffic revenue<br>in €m external revenue |                | Available cargo tonne-<br>kilometres in millions |                | Revenue cargo tonne-<br>kilometres in millions |                | Cargo load factor<br>in % |                  |
|--------------------|---|----------------|--|----------------|--|----------------|---------------------------|------------------|
|                    | Jan. – March<br>2017                          | Change<br>in % | Jan. – March<br>2017                             | Change<br>in % | Jan. – March<br>2017                           | Change<br>in % | Jan. – March<br>2017      | Change<br>in pts |
| Europe             | 46  | 9.5            | 156  | -1.5           | 81   | 1.0            | 51.6                      | 1.3              |
| America            | 226   | 17.1           | 1,304  | 2.3            | 894  | 6.2            | 68.5                      | 2.6              |
| Asia/Pacific       | 218   | 19.8           | 1,161  | 5.8            | 932  | 9.4            | 80.2                      | 2.7              |
| Middle East/Africa | 44  | 0.0            | 298  | -2.8           | 140  | -7.8           | 47.1                      | -2.5             |
| <b>Total</b>       | <b>534</b>                                    | <b>15.8</b>    | <b>2,920</b>                                     | <b>2.9</b>     | <b>2,046</b>                                   | <b>6.3</b>     | <b>70.1</b>               | <b>2.3</b>       |

## MRO

### Key figures MRO

|  |        | Jan. – March<br>2017 | Jan. – March<br>2016 | Change<br>in % |
|--|--------|----------------------|----------------------|----------------|
| Revenue  | €m     | 1,455                | 1,290                | 12.8           |
| of which with<br>companies of the<br>Lufthansa Group | €m     | 477                  | 406                  | 17.5           |
| EBIT   | €m     | 138                  | 87                   | 58.6           |
| Adjusted EBIT  | €m     | 137                  | 87                   | 57.5           |
| EBITDA*  | €m     | 166                  | 113                  | 46.9           |
| Segment capital<br>expenditure                       | €m     | 47                   | 35                   | 34.3           |
| Employees as of 31.3.                                | number | 21,051               | 20,574               | 2.3            |

\* Before profit/loss transfer from other intra-Group companies.

- New customer contracts signed with total volume of EUR 940m
- Number of aircraft serviced under exclusive contracts up on year-end 2016 by 0.6 per cent to 4,155
- Revenue up by 12.8 per cent to EUR 1.5bn due to volumes and exchange rates
- Other operating income up by 67.4 per cent to EUR 77m
- Total operating income up by 14.7 per cent to EUR 1.5bn
- Operating expenses up by 11.7 per cent to EUR 1.4bn due to higher volumes and expenses for product developments, growth projects and expansion of group structure
- EBIT up by 58.6 per cent to EUR 138m, Adjusted EBIT up by 57.5 per cent to EUR 137m
- The increase is due to stronger demand for aircraft overhauls, successful cost-cutting measures and exchange rate movements
- Segment capital expenditure up by 34.3 per cent to EUR 47m

## Catering

### Key figures Catering

|  |        | Jan. – March<br>2017 | Jan. – March<br>2016 | Change<br>in % |
|--|--------|----------------------|----------------------|----------------|
| Revenue  | €m     | 769                  | 719                  | 7.0            |
| of which with<br>companies of the<br>Lufthansa Group | €m     | 149                  | 146                  | 2.1            |
| EBIT   | €m     | -2                   | 0*                   |                |
| Adjusted EBIT  | €m     | -2                   | -4                   | 50.0           |
| EBITDA*  | €m     | 14                   | 18                   | -22.2          |
| Segment capital<br>expenditure                       | €m     | 13                   | 13                   | 0.0            |
| Employees as of 31.3.                                | number | 35,482               | 35,120               | 1.0            |

\* Before profit/loss transfer from other intra-Group companies.

- Pilot plant for centralised production in the Czech Republic launched as core element of transformation
- Successful start for new in-flight sales model at LATAM in South America
- Revenue up by 7.0 per cent to EUR 769m due to volumes and exchange rates
- Other operating income down by 47.6 per cent to EUR 11m, mainly as a result of lower exchange rate gains and a positive one-off effect in the previous year
- Total operating income up by 5.4 per cent to EUR 780m
- Operating expenses up by 5.9 per cent to EUR 784m, mainly due to volumes and exchange rates
- EBIT down by EUR 2m to EUR -2m, largely due to higher transformation expenses, Adjusted EBIT improves by EUR 2m to EUR -2m
- Segment capital expenditure remains stable year on year at EUR 13m

## Additional Businesses and Group Functions

### Key figures Additional Businesses and Group Functions

|  |        | Jan. – March 2017 | Jan. – March 2016 <sup>2)</sup> | Change in % |
|--|--------|-------------------|---------------------------------|-------------|
| Revenue  | €m     | 107               | 104                             | 2.9         |
| of which with companies of the Lufthansa Group | €m     | 43                | 39                              | 10.3        |
| EBIT   | €m     | 0*                | -19                             |             |
| Adjusted EBIT                                  | €m     | -6                | -18                             | 66.7        |
| EBITDA <sup>1)</sup>                           | €m     | 21                | 28                              | -25.0       |
| Segment capital expenditure                    | €m     | 5                 | 8                               | -37.5       |
| Employees as of 31.3.                          | number | 11,166            | 6,728                           | 66.0        |

<sup>1)</sup> Before profit/loss transfer from other intra-Group companies.

<sup>2)</sup> Previous year's figures have been adjusted due to the restructuring of business segments.

- Operating income up by 13.2 per cent to EUR 684m, mainly due to exchange rates
- Operating expenses up by 9.6 per cent to EUR 684m, mainly due to exchange rates
- EBIT improves by EUR 19m to EUR 0m, Adjusted EBIT up by EUR 12m to EUR -6m
- Exchange rate gains improve earnings for Group Functions

## Opportunities and risk report

Compared with the detailed description in the Annual Report 2016, the opportunities and risks for the Group have materialised and developed as follows, particularly concerning macroeconomic opportunities and risks due to the uncertain environment:

- Uncertain outcome of Brexit negotiations may impede access to UK market; traffic rights between the EU and UK may have to be completely renegotiated, which may lead to stronger growth and competition from UK airlines; however, there is also a chance that companies and institutions increasingly move from Britain to Germany, accompanied by stronger demand from the Lufthansa Group's home markets
- Increasing protectionism and efforts by various governments to regulate or restrict free markets, may lead to slower growth or even to contraction scenarios
- The Lufthansa Group has drawn up comprehensive, detailed plans and tests for pandemics, appointed a new Pandemic Officer and is well prepared for any such scenarios, meaning that the risks resulting from pandemic diseases have been reduced

## Supplementary report

Since 31 March 2017, no events of particular importance have occurred that would be expected to have a significant influence on the net assets, financial and earnings position that have not already been reported.

## Forecast

After a positive performance in the first quarter, the Lufthansa Group is still expecting revenue to be significantly higher and Adjusted EBIT to be slightly lower in financial year 2017 as compared with the previous year.

There have been no significant changes in the main earnings variables and parameters since the original forecast was published in the Annual Report. However, the Executive Board does not currently see a risk of strikes with a potential adverse effect on earnings.

There have been no changes to the forecasts for the operating segments or to the joint operating performance indicators for the Network Airlines and Point-to-Point segments compared with the disclosures in the Annual Report 2016.

## Consolidated income statement

January – March 2017

| in €m  | Jan. – March<br>2017 | Jan. – March<br>2016 |
|--|----------------------|----------------------|
| Traffic revenue  | 5,808                | 5,235                |
| Other revenue  | 1,883                | 1,681                |
| <b>Total revenue</b>   | <b>7,691</b>         | <b>6,916</b>         |
| Changes in inventories and work performed by entity and capitalised            | 55                   | 31                   |
| Other operating income   | 506                  | 622                  |
| Cost of materials and services   | –4,386               | –3,936               |
| Staff costs  | –2,081               | –1,957               |
| Depreciation, amortisation and impairment                                      | –422                 | –392                 |
| Other operating expenses   | –1,353               | –1,305               |
| <b>Profit / loss from operating activities</b>                                 | <b>10</b>            | <b>–21</b>           |
| Result of equity investments accounted for using the equity method             | 5                    | –31                  |
| Result of other equity investments   | 1                    | 3                    |
| Interest income  | 17                   | 9                    |
| Interest expenses  | –94                  | –76                  |
| Other financial items  | 6                    | 91                   |
| <b>Financial result</b>  | <b>–65</b>           | <b>–4</b>            |
| <b>Profit / loss before income taxes</b>                                       | <b>–55</b>           | <b>–25</b>           |
| Income taxes   | –4                   | 22                   |
| <b>Profit / loss after income taxes</b>  | <b>–59</b>           | <b>–3</b>            |
| Profit / loss attributable to minority interests                               | –9                   | –5                   |
| <b>Net profit / loss attributable to shareholders of Deutsche Lufthansa AG</b> | <b>–68</b>           | <b>–8</b>            |
| <b>Basic / diluted earnings per share in €</b>                                 | <b>–0.15</b>         | <b>–0.02</b>         |

**Statement of comprehensive income**

January – March 2017

| in €m   | Jan. – March<br>2017 | Jan. – March<br>2016 |
|---|----------------------|----------------------|
| <b>Profit/loss after income taxes</b>   | <b>-59</b>           | <b>-3</b>            |
| <b>Other comprehensive income</b>   |                      |                      |
| <b>Other comprehensive income with subsequent reclassification to the income statement</b>    |                      |                      |
| Differences from currency translation   | -9                   | -54                  |
| Subsequent measurement of available-for-sale financial assets                                 | 56                   | 1                    |
| Subsequent measurement of cash flow hedges  | -333                 | 48                   |
| Other comprehensive income from investments accounted for using the equity method             | 2                    | -3                   |
| Other expenses and income recognised directly in equity                                       | -4                   | -2                   |
| Income taxes on items in other comprehensive income   | 69                   | -5                   |
| <b>Other comprehensive income without subsequent reclassification to the income statement</b> |                      |                      |
| Revaluation of defined-benefit pension plans  | -129                 | -1,355               |
| Income taxes on items in other comprehensive income   | 76                   | 351                  |
| <b>Other comprehensive income after income taxes</b>  | <b>-272</b>          | <b>-1,019</b>        |
| <b>Total comprehensive income</b>   | <b>-331</b>          | <b>-1,022</b>        |
| Comprehensive income attributable to minority interests                                       | -11                  | -3                   |
| <b>Comprehensive income attributable to shareholders of Deutsche Lufthansa AG</b>             | <b>-342</b>          | <b>-1,025</b>        |

## Consolidated balance sheet

as of 31 March 2017

| <b>Assets</b>                                     |                  |               |               |
|---|------------------|---------------|---------------|
| in €m   | <b>31.3.2017</b> | 31.12.2016    | 31.3.2016     |
| Intangible assets with an indefinite useful life* | 1,379            | 1,265         | 1,255         |
| Other intangible assets                           | 518              | 472           | 438           |
| Aircraft and reserve engines                      | 15,382           | 14,798        | 14,697        |
| Repairable spare parts for aircraft               | 1,715            | 1,604         | 1,367         |
| Property, plant and other equipment               | 2,199            | 2,199         | 2,191         |
| Investments accounted for using the equity method | 519              | 516           | 502           |
| Other equity investments                          | 211              | 212           | 181           |
| Non-current securities                            | 25               | 23            | 14            |
| Loans and receivables                             | 508              | 513           | 506           |
| Derivative financial instruments                  | 1,318            | 1,474         | 1,112         |
| Deferred charges and prepaid expenses             | 12               | 11            | 15            |
| Effective income tax receivables                  | 6                | 4             | 19            |
| Deferred tax assets                               | 1,672            | 1,413         | 1,602         |
| <b>Non-current assets</b>                         | <b>25,464</b>    | <b>24,504</b> | <b>23,899</b> |
| Inventories                                       | 857              | 816           | 750           |
| Trade receivables and other receivables           | 5,490            | 4,570         | 4,732         |
| Derivative financial instruments                  | 362              | 534           | 293           |
| Deferred charges and prepaid expenses             | 213              | 167           | 184           |
| Effective income tax receivables                  | 38               | 37            | 61            |
| Securities  | 3,732            | 2,681         | 2,179         |
| Cash and cash equivalents                         | 1,657            | 1,256         | 1,208         |
| Assets held for sale                              | 133              | 132           | 5             |
| <b>Current assets</b>                             | <b>12,482</b>    | <b>10,193</b> | <b>9,412</b>  |
| <b>Total assets</b>                               | <b>37,946</b>    | <b>34,697</b> | <b>33,311</b> |

\* Including goodwill.



| Shareholders' equity and liabilities   |               |               |               |
|--|---------------|---------------|---------------|
| in €m  | 31.3.2017     | 31.12.2016    | 31.3.2016     |
| Issued capital   | 1,200         | 1,200         | 1,189         |
| Capital reserve  | 222           | 222           | 187           |
| Retained earnings  | 3,272         | 1,549         | 2,306         |
| Other neutral reserves   | 2,092         | 2,313         | 1,069         |
| Net profit/loss  | -68           | 1,776         | -8            |
| <b>Equity attributable to shareholders of Deutsche Lufthansa AG</b>            | <b>6,718</b>  | <b>7,060</b>  | <b>4,743</b>  |
| Minority interests   | 92            | 89            | 76            |
| <b>Shareholders' equity</b>  | <b>6,810</b>  | <b>7,149</b>  | <b>4,819</b>  |
| Pension provisions   | 8,656         | 8,364         | 8,076         |
| Other provisions   | 594           | 503           | 508           |
| Borrowings   | 6,482         | 5,811         | 4,784         |
| Other financial liabilities  | 125           | 124           | 124           |
| Advance payments received, deferred income and other non-financial liabilities | 1,271         | 1,246         | 1,211         |
| Derivative financial instruments   | 56            | 54            | 239           |
| Deferred tax liabilities   | 456           | 437           | 357           |
| <b>Non-current provisions and liabilities</b>                                  | <b>17,640</b> | <b>16,539</b> | <b>15,299</b> |
| Other provisions   | 990           | 1,066         | 1,011         |
| Borrowings   | 801           | 764           | 1,296         |
| Trade payables and other financial liabilities                                 | 5,133         | 4,689         | 4,852         |
| Liabilities from unused flight documents                                       | 4,922         | 3,040         | 4,020         |
| Advance payments received, deferred income and other non-financial liabilities | 972           | 875           | 946           |
| Derivative financial instruments   | 220           | 185           | 957           |
| Effective income tax obligations   | 458           | 390           | 111           |
| Liabilities related to assets held for sale                                    | -             | -             | -             |
| <b>Current provisions and liabilities</b>                                      | <b>13,496</b> | <b>11,009</b> | <b>13,193</b> |
| <b>Total shareholders' equity and liabilities</b>                              | <b>37,946</b> | <b>34,697</b> | <b>33,311</b> |

## Consolidated statement of changes in shareholders' equity

as of 31 March 2017

|  | Issued capital | Capital reserve | Fair value measurement of financial instruments | Currency differences | Revaluation reserve (due to business combinations) | Other neutral reserves | Total other neutral reserves | Retained earnings | Net profit/loss | Equity attributable to shareholders of Deutsche Lufthansa AG | Minority interests | Total shareholders' equity |
|--|----------------|-----------------|---|----------------------|--|------------------------|------------------------------|-------------------|-----------------|--|--------------------|----------------------------|
| in €m  |                |                 |   |                      |  |                        |                              |                   |                 |  |                    |                            |
| <b>As of 31.12.2015</b>  | <b>1,189</b>   | <b>187</b>      | <b>-76</b>                                      | <b>604</b>           | <b>236</b>   | <b>318</b>             | <b>1,082</b>                 | <b>1,612</b>      | <b>1,698</b>    | <b>5,768</b>   | <b>77</b>          | <b>5,845</b>               |
| Capital increases/reductions   | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -               | -  | 1                  | 1                          |
| Reclassifications  | -              | -               | -   | -                    | -  | -                      | -                            | 1,698             | -1,698          | -  | -                  | -                          |
| Dividends to Lufthansa shareholders/minority interests                                 | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -               | -  | -5                 | -5                         |
| Transactions with minority interests   | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -               | -  | -                  | -                          |
| Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -8              | -8   | 5                  | -3                         |
| Other expenses and income recognised directly in equity                                | -              | -               | 44  | -54                  | -  | -3                     | -13                          | -1,004            | -               | -1,017   | -2                 | -1,019                     |
| <b>As of 31.3.2016</b>   | <b>1,189</b>   | <b>187</b>      | <b>-32</b>                                      | <b>550</b>           | <b>236</b>   | <b>315</b>             | <b>1,069</b>                 | <b>2,306</b>      | <b>-8</b>       | <b>4,743</b>   | <b>76</b>          | <b>4,819</b>               |
| <b>As of 31.12.2016</b>  | <b>1,200</b>   | <b>222</b>      | <b>1,081</b>                                    | <b>670</b>           | <b>236</b>   | <b>326</b>             | <b>2,313</b>                 | <b>1,549</b>      | <b>1,776</b>    | <b>7,060</b>   | <b>89</b>          | <b>7,149</b>               |
| Capital increases/reductions   | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -               | -  | -                  | -                          |
| Reclassifications  | -              | -               | -   | -                    | -  | -                      | -                            | 1,776             | -1,776          | -  | -                  | -                          |
| Dividends to Lufthansa shareholders/minority interests                                 | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -               | -  | -8                 | -8                         |
| Transactions with minority interests   | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -               | -  | -                  | -                          |
| Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests | -              | -               | -   | -                    | -  | -                      | -                            | -                 | -68             | -68  | 9                  | -59                        |
| Other expenses and income recognised directly in equity                                | -              | -               | -208  | -9                   | -  | -4                     | -221                         | -53               | -               | -274   | 2                  | -272                       |
| <b>As of 31.3.2017</b>   | <b>1,200</b>   | <b>222</b>      | <b>873</b>                                      | <b>661</b>           | <b>236</b>   | <b>322</b>             | <b>2,092</b>                 | <b>3,272</b>      | <b>-68</b>      | <b>6,718</b>   | <b>92</b>          | <b>6,810</b>               |

## Consolidated cash flow statement

January – March 2017

| in €m  | Jan. – March<br>2017 | Jan. – March<br>2016 <sup>2)</sup> |
|--|----------------------|------------------------------------|
| <b>Cash and cash equivalents 1.1.</b>  | <b>1,138</b>         | <b>996</b>                         |
| Net profit/loss before income taxes  | –55                  | –25                                |
| Depreciation, amortisation and impairment losses on non-current assets (net of reversals)                  | 421                  | 392                                |
| Depreciation, amortisation and impairment losses on current assets (net of reversals)                      | 7                    | 25                                 |
| Net proceeds on disposal of non-current assets   | –23                  | –5                                 |
| Result of equity investments   | –6                   | 28                                 |
| Net interest   | 77                   | 67                                 |
| Income tax payments/reimbursements   | –27                  | –15                                |
| Significant non-cash-relevant expenses/income  | –12                  | –123                               |
| Change in trade working capital  | 1,154                | 767                                |
| Change in other assets/shareholders' equity and liabilities  | 112                  | –9                                 |
| <b>Cash flow from operating activities</b>   | <b>1,648</b>         | <b>1,102</b>                       |
| Capital expenditure for property, plant and equipment and intangible assets                                | –747                 | –637                               |
| Capital expenditure for financial investments  | –8                   | –1                                 |
| Additions/loss to repairable spare parts for aircraft  | –110                 | –8                                 |
| Proceeds from disposal of non-consolidated equity investments  | 0*                   | 0*                                 |
| Proceeds from disposal of consolidated equity investments  | 0*                   | 0*                                 |
| Cash outflows for acquisitions of non-consolidated equity investments                                      | 0*                   | –2                                 |
| Cash outflows for acquisitions of consolidated equity investments  | 198                  | 0*                                 |
| Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments | 53                   | 64                                 |
| Interest income  | 57                   | 57                                 |
| Dividends received   | 3                    | 3                                  |
| <b>Net cash from/used in investing activities</b>  | <b>–554</b>          | <b>–524</b>                        |
| Purchase of securities/fund investments  | –1,083               | –276                               |
| Disposal of securities/fund investments  | 27                   | 68                                 |
| <b>Net cash from/used in investing and cash management activities</b>                                      | <b>–1,610</b>        | <b>–732</b>                        |
| Capital increase   | –                    | –                                  |
| Transactions by minority interests   | –                    | 1                                  |
| Non-current borrowing  | 693                  | 5                                  |
| Repayment of non-current borrowing   | –262                 | –204                               |
| Dividends paid   | –8                   | –5                                 |
| Interest paid  | –71                  | –57                                |
| <b>Net cash from/used in financing activities</b>  | <b>352</b>           | <b>–260</b>                        |
| <b>Net increase/decrease in cash and cash equivalents</b>  | <b>390</b>           | <b>110</b>                         |
| Changes due to currency translation differences  | 5                    | –10                                |
| <b>Cash and cash equivalents 31.3.<sup>1)</sup></b>  | <b>1,533</b>         | <b>1,096</b>                       |
| Securities   | 3,732                | 2,179                              |
| <b>Liquidity</b>   | <b>5,265</b>         | <b>3,275</b>                       |
| Net increase/decrease in total liquidity   | 1,446                | 285                                |

\* Rounded below EUR 1m.

<sup>1)</sup> Excluding fixed-term deposits with terms of three to twelve months (2017: EUR 124m, 2016: EUR 112m).

<sup>2)</sup> Previous year's figures have been adjusted.

## Notes

### 1) Standards applied and changes in the group of consolidated companies

The consolidated financial statements of Deutsche Lufthansa AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee (IFRIC) as applicable in the European Union (EU). This interim report as of 31 March 2017 has been prepared in condensed form in accordance with IAS 34.

In preparing the interim financial statements the standards and interpretations applicable as of 1 January 2017 have been applied. The interim financial statements as of 31 March 2017 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2016 were based. The standards and interpretations mandatory for the first time as of 1 January 2016 did not have a significant effect on the Group's net assets, financial and earnings position.

#### Changes in the group of consolidated companies in the period 1.4.2016 to 31.3.2017

| Name, registered office   | Additions | Disposals | Reason                                 |
|---|-----------|-----------|--|
| <b>Network Airlines segment</b>   |           |           |  |
| Lufthansa Leasing Austria GmbH & Co. OG Nr. 31, Salzburg, Austria <sup>1)</sup> | 4.4.16    |           | Established                            |
| Sylvaner Leasing Co. Ltd., Tokyo, Japan   | 20.4.16   |           | Established                            |
| SMFL Y Lease Nin-i-Kumiai Two, Tokyo, Japan                                     | 20.4.16   |           | Established                            |
| Yamasa Aircraft LH 13 Kumiai, Okayama, Japan                                    | 26.4.16   |           | Established                            |
| Dunkel Leasing Co., Ltd., Tokyo, Japan  | 27.7.16   |           | Established                            |
| Helles Leasing Co., Ltd, Tokyo, Japan   | 27.7.16   |           | Established                            |
| Lufthansa Leasing Austria GmbH & Co. OG Nr. 33, Salzburg, Austria               | 20.9.16   |           | Established                            |
| Lufthansa Leasing Austria GmbH & Co. OG Nr. 32, Salzburg, Austria               | 20.9.16   |           | Established                            |
| TI DC Leasing Co., Ltd., Tokyo, Japan   | 20.10.16  |           | Established                            |
| TI DD Leasing Co., Ltd., Tokyo, Japan   | 20.10.16  |           | Established                            |
| Lufthansa Aviation Training GmbH, Hallbergmoos <sup>2)</sup>                    | 27.10.16  |           | Established                            |
| Auselese Leasing Co., Ltd., Tokyo, Japan  | 9.12.16   |           | Established                            |
| Eifel Leasing Co., Ltd. Tokyo, Japan  | 9.12.16   |           | Established                            |
| Schloss Leasing Co., Ltd., Tokyo, Japan   | 9.12.16   |           | Established                            |
| NBB Harz Lease Co., Ltd., Tokyo, Japan  | 15.12.16  |           | Established                            |
| NBB Saxon Lease Co., Ltd., Tokyo, Japan   | 15.12.16  |           | Established                            |
| Evans Leasing Co., Ltd., Tokyo, Japan   | 20.12.16  |           | Established                            |
| Lufthansa Leasing Austria GmbH & Co. OG Nr. 6, Salzburg, Austria                |           | 13.6.16   | Merger                                 |
| A319 LDA-LDB-LDC Ltd., George Town, Grand Cayman, Cayman Islands                |           | 30.6.16   | Liquidation                            |
| Lufthansa Leasing Austria GmbH & Co. OG Nr. 7, Salzburg, Austria                |           | 18.7.16   | Merger                                 |
| SBL Beta Co. Ltd., Tokyo, Japan   |           | 29.11.16  | Liquidation                            |
| SBL Gamma Co. Ltd, Tokyo, Japan   |           | 29.11.16  | Liquidation                            |
| Crossbow Finance Limited, Grand Cayman, Cayman Islands                          |           | 7.12.16   | Liquidation                            |
| LHAMIS LIMITED, Dublin, Ireland   |           | 26.1.17   | Merger                                 |
| LHAMIW LIMITED, Dublin, Ireland   |           | 26.1.17   | Merger                                 |
| Common Ground CGN GmbH, Frankfurt/Main  |           | 24.2.17   | Discontinuation of business activities |
| Lufthansa Leasing Austria GmbH & Co. OG Nr. 4                                   |           | 17.3.17   | Merger                                 |
| <b>Point-to-Point segment</b>   |           |           |  |
| Brussels Airlines NV/SA, Brussels, Belgium                                      | 9.1.17    |           | Acquisition of shares                  |
| SN Airholding SA/NV, Brussels, Belgium  | 9.1.17    |           | Acquisition of shares                  |

**Changes in the group of consolidated companies** in the period 1.4.2016 to 31.3.2017

| Name, registered office   | Additions | Disposals | Reason                |
|---|-----------|-----------|-----------------------|
| <b>Logistics segment</b>  |           |           |                       |
| time:matters Holding GmbH, Neu-Isenburg                               | 8.8.16    |           | Acquisition of shares |
| time:matters GmbH, Neu-Isenburg                                       | 8.8.16    |           | Acquisition of shares |
| time:matters Spare Parts Logistics GmbH, Neu-Isenburg                 | 8.8.16    |           | Acquisition of shares |
| LHAMIC LIMITED, Dublin, Ireland                                       |           | 26.1.17   | Merger                |
| <b>Catering segment</b>   |           |           |                       |
| LSG Sky Chefs Czechia spol. s.r.o., Bor, Czech Republic               | 10.11.16  |           | Established           |
| Retail in Motion Latin America SpA, Santiago de Chile, Chile          | 1.3.17    |           | Established           |
| 41/42 Bartlett (Pty) Ltd., Johannesburg, South Africa                 |           | 26.8.16   | Liquidation           |
| Caterair Taiwan In-Flight Services, Inc., Taipei, Taiwan              |           | 30.9.16   | Liquidation           |
| <b>Additional Businesses and Group Functions segment</b>              |           |           |                       |
| Lufthansa Malta Finance Holding Limited, St. Julians, Malta           | 14.4.16   |           | Established           |
| Lufthansa Malta Corporate Finance Limited, St. Julians, Malta         | 14.4.16   |           | Established           |
| Lufthansa Malta Working Capital Solutions Limited, St. Julians, Malta | 14.4.16   |           | Established           |

<sup>1)</sup> As part of the Lufthansa Group's restructuring, the company will be assigned to the Point-to-Point segment from 2017.

<sup>2)</sup> As part of the Lufthansa Group's restructuring, the company will be assigned to the Additional Businesses and Group Functions segment from 2017.

Deutsche Lufthansa AG acquired the remaining 55 per cent of the shares in SN Airholding SA/NV with effect from 9 January 2017, and is therefore the sole shareholder of the Brussels Airlines group. From this point onwards, the company will be fully consolidated in the Lufthansa Group. The acquisition is based on the purchase and option agreement dating from 2008. The option was exercised on the basis of a new agreement between the previous shareholders and Lufthansa, dated 15 December 2016, which set the strike price for the remaining shares at EUR 2.6m. The acquisition of SN Airholding will strengthen the new Point-to-Point operating segment from 2017, see also „Segment information chapter 8“ on p. 23. The following table shows the main assets and liabilities of SN Airholding immediately before and after the acquisition date: Since the acquisition took place in the current quarter, these amounts are based on a provisional valuation as of the acquisition date. All of the assets and liabilities as well as the calculation of goodwill are therefore only provisional.

**Balance sheet SN group**

| in €m                               | Before acquisition | After acquisition |
|-------------------------------------|--------------------|-------------------|
| Non-current assets                  | 351                | 486               |
| of which goodwill                   |                    | 73                |
| of which brand names                |                    | 37                |
| of which customer relationships     |                    | 21                |
| Current assets                      | 364                | 366               |
| of which liquid assets              | 211                | 211               |
| of which other current assets       | 154                | 155               |
| <b>Total assets</b>                 | <b>715</b>         | <b>852</b>        |
| Equity*                             | -101               | 3                 |
| Non-current liabilities             | 391                | 411               |
| of which borrowing                  | 247                | 244               |
| Current liabilities                 | 425                | 438               |
| of which borrowing                  | 81                 | 80                |
| <b>Total equity and liabilities</b> | <b>715</b>         | <b>852</b>        |

\* Or purchase price.

Goodwill is determined as the difference between the acquisition costs incurred of EUR 2.6m (the shares acquired in the past were already measured with a market value of EUR 0, which corresponded to the former carrying amount) and the net worth according to purchase price allocation of EUR -70.8m.

SN Airholding's contribution from first-time consolidation to net profit/loss for the period is EUR –60,2m.

The other changes to the group of consolidated companies had no significant effects on the Group's net assets, financial and earnings position. The individual changes compared with year-end 2016 and 31 March 2016 are shown in the table on p. 18.

## 2) Notes to the income statement, balance sheet, cash flow statement and segment reporting

### Assets held for sale

| in €m  | 31.3.2017 | 31.12.2016 | 31.3.2016 |
|--|-----------|------------|-----------|
| <b>Assets</b>  |           |            |           |
| Aircraft and reserve engines                                     | 128       | 127        | –         |
| Financial assets   | –         | –          | –         |
| Other assets   | 5         | 5          | 5         |
| <b>Equity / liabilities associated with assets held for sale</b> |           |            |           |
| Equity   | –         | –          | –         |
| Liabilities  | –         | –          | –         |

Detailed comments on the income statement, the balance sheet, the cash flow statement and the segment reporting can also be found in the interim Group management report on p. 1–11.

### 3) Seasonality

The Group's business is mainly exposed to seasonal effects via the Network Airlines and Point-to-Point segments. As such, revenue in the first and fourth quarters is generally lower as people travel less, while higher revenue and operating profits are normally earned in the second and third quarters.

## 4) Contingencies and events after the balance sheet date

### Contingent liabilities

| in €m  | 31.3.2017    | 31.12.2016   |
|--|--------------|--------------|
| From guarantees, bills of exchange and cheque guarantees | 899          | 909          |
| From warranty contracts                                  | 658          | 733          |
| From providing collateral for third-party liabilities    | 36           | 35           |
|  | <b>1,593</b> | <b>1,677</b> |

Provisions for other contingent liabilities were not made because an outflow of resources was not sufficiently probable. The potential financial effect of these provisions on the result would have been EUR 111m (as of 31.12.2016: EUR 103m).

At the end of March 2017, there were order commitments of EUR 15.2bn for capital expenditure on property, plant and equipment and intangible assets. As of 31 December 2016, the order commitments came to EUR 15.1bn.

Contracts for the sale of aircraft signed as of 31 December 2016 yielded profits of EUR 5m and cash receipts of EUR 6m by 31 March 2017.

## 5) Financial instruments and financial liabilities

### Financial instruments

The following table shows financial assets and liabilities held at fair value by level of fair value hierarchy. The levels are defined as follows:

**Level 1:** Financial instruments traded on active markets, the quoted prices for which are taken for measurement unchanged.

**Level 2:** Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.

**Level 3:** Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

**Assets 31.3.2017**

| in €m   | Level 1    | Level 2      | Level 3  | Total        |
|---|------------|--------------|----------|--------------|
| <b>Financial assets at fair value through profit and loss</b>                                 |            |              |          |              |
| Financial derivatives classified as held for trading  | –          | 324          | –        | 324          |
| <b>Total financial assets through profit and loss</b>   | <b>–</b>   | <b>324</b>   | <b>–</b> | <b>324</b>   |
| <b>Derivative financial instruments which are an effective part of a hedging relationship</b> |            |              |          |              |
|   | –          | 1,356        | –        | 1,356        |
| <b>Available-for-sale financial assets</b>  |            |              |          |              |
| Equity instruments  | 224        | 106          | –        | 330          |
| Debt instruments  | –          | 3,421        | –        | 3,421        |
| <b>Total available-for-sale financial assets</b>  | <b>224</b> | <b>3,527</b> | <b>–</b> | <b>3,751</b> |
| <b>Total assets</b>   | <b>224</b> | <b>5,207</b> | <b>–</b> | <b>5,431</b> |

**Liabilities 31.3.2017**

| in €m  | Level 1  | Level 2    | Level 3  | Total      |
|--|----------|------------|----------|------------|
| Derivative financial instruments at fair value through profit or loss                  | –        | 56         | –        | 56         |
| Derivative financial instruments which are an effective part of a hedging relationship | –        | 220        | –        | 220        |
| <b>Total liabilities</b>   | <b>–</b> | <b>276</b> | <b>–</b> | <b>276</b> |

As of 31 December 2016, the fair value hierarchy for assets and liabilities held at fair value was as follows:

**Assets 31.12.2016**

| in €m   | Level 1    | Level 2      | Level 3  | Total        |
|---|------------|--------------|----------|--------------|
| <b>Financial assets at fair value through profit and loss</b>                                 |            |              |          |              |
| Financial derivatives classified as held for trading  | –          | 341          | –        | 341          |
| <b>Total financial assets through profit and loss</b>   | <b>–</b>   | <b>341</b>   | <b>–</b> | <b>341</b>   |
| <b>Derivative financial instruments which are an effective part of a hedging relationship</b> |            |              |          |              |
|   | –          | 1,667        | –        | 1,667        |
| <b>Available-for-sale financial assets</b>  |            |              |          |              |
| Equity instruments  | 576        | 10           | 0        | 586          |
| Debt instruments  | –          | 2,113        | –        | 2,113        |
| <b>Total available-for-sale financial assets</b>  | <b>576</b> | <b>2,123</b> | <b>0</b> | <b>2,699</b> |
| <b>Total assets</b>   | <b>576</b> | <b>4,131</b> | <b>0</b> | <b>4,707</b> |

**Liabilities 31.12.2016**

| in €m  | Level 1  | Level 2    | Level 3  | Total      |
|--|----------|------------|----------|------------|
| Derivative financial instruments at fair value through profit or loss                  | –        | 54         | –        | 54         |
| Derivative financial instruments which are an effective part of a hedging relationship | –        | 185        | –        | 185        |
| <b>Total liabilities</b>   | <b>–</b> | <b>239</b> | <b>–</b> | <b>239</b> |

The fair values of interest rate derivatives correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account. Forward currency transactions and swaps are individually discounted to the balance sheet date based on their respective futures rates and the appropriate interest rate curve. The market prices of currency options and the options used to hedge fuel prices are determined using acknowledged option pricing models.

The fair values of debt instruments correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows.

Discounting takes market standard interest rates and the residual term of the respective instruments into account.

The carrying amount for cash, trade receivables and other receivables, trade payables and other liabilities is assumed to be a realistic estimate of fair value.

#### Financial liabilities

The following table shows the carrying amounts and market values for individual classes of financial liabilities. Market values for bonds are equal to the listed prices. The market values for other types of financial liability have been calculated using the applicable interest rates for the remaining term to maturity and repayment structures at the balance sheet date based on available market information (Reuters).

#### Financial liabilities

| in €m                               | 31.3.2017       |              | 31.12.2016      |              |
|-------------------------------------|-----------------|--------------|-----------------|--------------|
|                                     | Carrying amount | Market value | Carrying amount | Market value |
| Bonds                               | 1,006           | 1,053        | 1,009           | 1,037        |
| Liabilities to banks                | 2,339           | 2,373        | 1,775           | 1,775        |
| Leasing liabilities and other loans | 3,938           | 3,983        | 3,791           | 3,820        |
| <b>Total</b>                        | <b>7,283</b>    | <b>7,409</b> | <b>6,575</b>    | <b>6,632</b> |

#### 6) Earnings per share

|                                   |    | 31.3.2017    | 31.3.2016    |
|-----------------------------------|----|--------------|--------------|
| <b>Basic earnings per share</b>   | €  | <b>-0.15</b> | <b>-0.02</b> |
| Consolidated net profit/loss      | €m | -68          | -8           |
| Weighted average number of shares |    | 468,817,760  | 462,772,161  |
| <b>Diluted earnings per share</b> | €  | <b>-0.15</b> | <b>-0.02</b> |
| Consolidated net profit/loss      | €m | -68          | -8           |
| Weighted average number of shares |    | 468,817,760  | 462,772,161  |

#### 7) Issued capital

A resolution passed at the Annual General Meeting on 29 April 2014 authorised the Executive Board until 28 April 2019, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 29,000,000, by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded.

A resolution passed at the Annual General Meeting authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 Stock Corporation Act (AktG) to purchase treasury shares until 29 April 2019. The authorisation is limited to 10 per cent of current issued capital. According to the resolution of the Annual General Meeting held on 29 April 2015, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

A resolution passed at the Annual General Meeting on 29 April 2015 authorised the Executive Board until 28 April 2020, subject to approval by the Supervisory Board, to increase the Company's issued capital on one or more occasions by up to EUR 561,160,092 by issuing new registered shares on one or more occasions for payment in cash or in kind (Authorised Capital A). In certain cases, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.



**8) Segment reporting**

In the course of restructuring the Lufthansa Group, an organisational realignment was decided with the creation of a new segment for direct traffic as of 1 January 2017. Segment reporting was adapted to the new structure with effect from 1 January 2017.

The new Point-to-Point operating segment comprises the Eurowings, Germanwings and Brussels Airlines group airlines. The former Passenger Airline Group segment will be known as the Network

Airlines segment in future, and consists of the airlines Lufthansa German Airlines, SWISS and Austrian Airlines. In addition, the training activities that previously formed part of the Passenger Airline Group (largely Lufthansa Flight Training and SWISS Aviation Training) will be merged in the Lufthansa Aviation Training group as of 2017 and reported in the Additional Businesses and Group Functions segment. The figures for the previous year have been adjusted in accordance with the new segment reporting structure.

**Segment information by operating segment** January – March 2017

|  | Network Airlines | Point-to-Point | Logistics  | MRO          | Catering   | Total reportable operating segments | Additional Businesses and Group Functions | Reconciliation | Group        |
|--|------------------|----------------|------------|--------------|------------|-------------------------------------|---|----------------|--------------|
| in €m  |                  |                |            |              |            |                                     |   |                |              |
| External revenue   | 4,784            | 683            | 562        | 978          | 620        | 7,627                               | 64  | –              | 7,691        |
| of which traffic revenue   | 4,482            | 659            | 534        | –            | –          | 5,675                               | –   | 133            | 5,808        |
| Inter-segment revenue  | 145              | 0*             | 7          | 477          | 149        | 778                                 | 43  | –821           | –            |
| <b>Total revenue</b>   | <b>4,929</b>     | <b>683</b>     | <b>569</b> | <b>1,455</b> | <b>769</b> | <b>8,405</b>                        | <b>107</b>                                | <b>–821</b>    | <b>7,691</b> |
| Other operating income   | 194              | 29             | 15         | 77           | 11         | 326                                 | 577                                       | –342           | 561          |
| <b>Total operating income</b>  | <b>5,123</b>     | <b>712</b>     | <b>584</b> | <b>1,532</b> | <b>780</b> | <b>8,731</b>                        | <b>684</b>                                | <b>–1,163</b>  | <b>8,252</b> |
| <b>Operating expenses</b>  | <b>5,179</b>     | <b>838</b>     | <b>555</b> | <b>1,398</b> | <b>784</b> | <b>8,754</b>                        | <b>684</b>                                | <b>–1,196</b>  | <b>8,242</b> |
| of which cost of materials and services                              | 3,055            | 565            | 369        | 814          | 330        | 5,133                               | 53  | –800           | 4,386        |
| of which staff costs   | 1,005            | 114            | 102        | 332          | 306        | 1,859                               | 224                                       | –2             | 2,081        |
| of which depreciation and amortisation                               | 301              | 44             | 20         | 28           | 16         | 409                                 | 13  | 0*             | 422          |
| of which other operating expenses                                    | 818              | 115            | 64         | 224          | 132        | 1,353                               | 394                                       | –394           | 1,353        |
| <b>Results of equity investments</b>                                 | <b>3</b>         | <b>–7</b>      | <b>4</b>   | <b>4</b>     | <b>2</b>   | <b>6</b>                            | <b>0*</b>                                 | <b>–</b>       | <b>6</b>     |
| of which result of investments accounted for using the equity method | 2                | –7             | 4          | 4            | 2          | 5                                   | –   | –              | 5            |
| <b>EBIT</b>  | <b>–53</b>       | <b>–133</b>    | <b>33</b>  | <b>138</b>   | <b>–2</b>  | <b>–17</b>                          | <b>0*</b>                                 | <b>33</b>      | <b>16</b>    |
| <b>of which reconciliation items</b>                                 |                  |                |            |              |            |                                     |   |                |              |
| Impairment losses/gains  | 1                | –1             | –          | 1            | –          | 1                                   | 1   | –2             | 0*           |
| Past service costs/settlement  | –32              | –              | –          | –            | –          | –32                                 | –   | –              | –32          |
| Results of disposal of assets  | 18               | 0*             | 0*         | 0*           | 0*         | 18                                  | 5   | –              | 23           |
| <b>Adjusted EBIT<sup>1)</sup></b>                                    | <b>–40</b>       | <b>–132</b>    | <b>33</b>  | <b>137</b>   | <b>–2</b>  | <b>–4</b>                           | <b>–6</b>                                 | <b>35</b>      | <b>25</b>    |
| Total adjustments  |                  |                |            |              |            |                                     |   |                | –9           |
| Other financial result   |                  |                |            |              |            |                                     |   |                | –71          |
| Profit/loss before income taxes                                      |                  |                |            |              |            |                                     |   |                | –55          |
| Capital employed <sup>2)</sup>                                       | 9,500            | 1,491          | 1,073      | 4,014        | 1,356      | 17,434                              | 3,684                                     | –21            | 21,097       |
| of which from investments accounted for using the equity method      | 14               | 92             | 55         | 218          | 132        | 511                                 | 6   | 2              | 519          |
| Segment capital expenditure <sup>3)</sup>                            | 564              | 121            | 6          | 47           | 13         | 751                                 | 5   | –199           | 557          |
| of which from investments accounted for using the equity method      | –                | –              | –          | –            | –          | –                                   | –   | –              | –            |
| Number of employees at end of period                                 | 49,294           | 7,048          | 4,500      | 21,051       | 35,482     | 117,375                             | 11,166                                    | –              | 128,541      |

\* Rounded below EUR 1m.

<sup>1)</sup> For detailed reconciliation from EBIT to Adjusted EBIT, please see page 5 of the interim Group management report.

<sup>2)</sup> The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives) less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

<sup>3)</sup> Capital expenditure for intangible assets, property, plant and equipment, and investments accounted for using the equity method. Under the heading "Group" all investments (excluding capitalised borrowing costs) are shown.

## Segment information by operating segment January – March 2016

|  | Network<br>Airlines | Point-to-<br>Point | Logistics  | MRO          | Catering   | Total<br>reportable<br>operating<br>segments | Additional<br>Businesses<br>and Group<br>Functions | Recon-<br>ciliation | Group        |
|--|---------------------|--------------------|------------|--------------|------------|--|--|---------------------|--------------|
| in €m  |                     |                    |            |              |            |  |  |                     |              |
| External revenue   | 4,544               | 377                | 473        | 884          | 573        | 6,851  | 65   | –                   | 6,916        |
| of which traffic revenue   | 4,297               | 376                | 461        | –            | –          | 5,134  | –  | 101                 | 5,235        |
| Inter-segment revenue  | 161                 | 0*                 | 7          | 406          | 146        | 720  | 39   | –759                | –            |
| <b>Total revenue</b>   | <b>4,705</b>        | <b>377</b>         | <b>480</b> | <b>1,290</b> | <b>719</b> | <b>7,571</b>                                 | <b>104</b>   | <b>–759</b>         | <b>6,916</b> |
| Other operating income   | 298                 | 18                 | 13         | 46           | 21         | 396  | 500  | –243                | 653          |
| <b>Total operating income</b>  | <b>5,003</b>        | <b>395</b>         | <b>493</b> | <b>1,336</b> | <b>740</b> | <b>7,967</b>                                 | <b>604</b>   | <b>–1,002</b>       | <b>7,569</b> |
| <b>Operating expenses</b>  | <b>4,965</b>        | <b>481</b>         | <b>519</b> | <b>1,252</b> | <b>740</b> | <b>7,957</b>                                 | <b>624</b>   | <b>–991</b>         | <b>7,590</b> |
| of which cost of materials<br>and services                                 | 2,921               | 341                | 330        | 717          | 308        | 4,617  | 54   | –735                | 3,936        |
| of which staff costs   | 1,033               | 68                 | 101        | 322          | 289        | 1,813  | 147  | –3                  | 1,957        |
| of which depreciation<br>and amortisation                                  | 302                 | 13                 | 21         | 26           | 18         | 380  | 14   | –2                  | 392          |
| of which other<br>operating expenses                                       | 709                 | 59                 | 67         | 187          | 125        | 1,147  | 409  | –251                | 1,305        |
| <b>Results of equity investments</b>                                       | <b>0*</b>           | <b>–38</b>         | <b>7</b>   | <b>3</b>     | <b>0*</b>  | <b>–28</b>                                   | <b>1</b>   | <b>–1</b>           | <b>–28</b>   |
| of which result of investments<br>accounted for using<br>the equity method | –                   | –38                | 6          | 3            | –1         | –30  | –  | –1                  | –31          |
| <b>EBIT</b>  | <b>38</b>           | <b>–124</b>        | <b>–19</b> | <b>87</b>    | <b>0*</b>  | <b>–18</b>                                   | <b>–19</b>   | <b>–12</b>          | <b>–49</b>   |
| <b>of which reconciliation items</b>                                       |                     |                    |            |              |            |  |  |                     |              |
| Impairment losses/gains/<br>badwill  | –                   | –                  | –          | –            | –          | –  | –1   | –                   | –1           |
| Past service costs/settlement  | –                   | –                  | –          | –            | –          | –  | –  | –                   | 0*           |
| Results of disposal of assets  | 2                   | –                  | –          | –            | 4          | 6  | –  | –1                  | 5            |
| <b>Adjusted EBIT<sup>1)</sup></b>  | <b>36</b>           | <b>–124</b>        | <b>–19</b> | <b>87</b>    | <b>–4</b>  | <b>–24</b>                                   | <b>–18</b>   | <b>–11</b>          | <b>–53</b>   |
| Total adjustments  |                     |                    |            |              |            |  |  |                     | 4            |
| Other financial result   |                     |                    |            |              |            |  |  |                     | 24           |
| Profit/loss before income taxes  |                     |                    |            |              |            |  |  |                     | –25          |
| Capital employed <sup>2)</sup>   | 10,097              | 950                | 733        | 3,449        | 1,325      | 16,554                                       | 1,919  | –41                 | 18,432       |
| of which from investments<br>accounted for using<br>the equity method      | 21                  | 93                 | 60         | 205          | 117        | 496  | 6  | 0*                  | 502          |
| Segment capital expenditure <sup>3)</sup>                                  | 473                 | 109                | 6          | 35           | 13         | 637  | 8  | –5                  | 640          |
| of which from investments<br>accounted for using<br>the equity method      | –                   | –                  | –          | –            | –          | –  | –  | –                   | –            |
| Number of employees<br>at end of period                                    | 51,708              | 3,221              | 4,543      | 20,574       | 35,120     | 115,166                                      | 6,728  | –                   | 121,894      |

\* Rounded below EUR 1m.

<sup>1)</sup> For detailed reconciliation from EBIT to Adjusted EBIT, please see page 5 of the interim Group management report.

<sup>2)</sup> The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives) less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

<sup>3)</sup> Capital expenditure for intangible assets, property, plant and equipment, and investments accounted for using the equity method. Under the heading "Group" all investments (excluding capitalised borrowing costs) are shown.

**Figures by region** January – March 2017

| in €m                   | Europe       | thereof<br>Germany | North<br>America | thereof<br>USA | Central<br>and South<br>America | Asia/Pacific | Middle East | Africa     | <b>Total</b> |
|-------------------------|--------------|--------------------|------------------|----------------|---------------------------------|--------------|-------------|------------|--------------|
| Traffic revenue*        | 3,950        | 1,775              | 881              | 805            | 125                             | 607          | 144         | 101        | 5,808        |
| Other operating revenue | 725          | 199                | 527              | 436            | 77                              | 406          | 98          | 50         | 1,883        |
| <b>Total revenue</b>    | <b>4,675</b> | <b>1,974</b>       | <b>1,408</b>     | <b>1,241</b>   | <b>202</b>                      | <b>1,013</b> | <b>242</b>  | <b>151</b> | <b>7,691</b> |

\* Traffic revenue is allocated according to the original location of sale.

**Figures by region** January – March 2016

| in €m                   | Europe       | thereof<br>Germany | North<br>America | thereof<br>USA | Central<br>and South<br>America | Asia/Pacific | Middle East | Africa     | <b>Total</b> |
|-------------------------|--------------|--------------------|------------------|----------------|---------------------------------|--------------|-------------|------------|--------------|
| Traffic revenue*        | 3,531        | 1,636              | 792              | 722            | 131                             | 553          | 141         | 87         | 5,235        |
| Other operating revenue | 648          | 218                | 480              | 363            | 72                              | 329          | 86          | 66         | 1,681        |
| <b>Total revenue</b>    | <b>4,179</b> | <b>1,854</b>       | <b>1,272</b>     | <b>1,085</b>   | <b>203</b>                      | <b>882</b>   | <b>227</b>  | <b>153</b> | <b>6,916</b> |

\* Traffic revenue is allocated according to the original location of sale.

**9) Related party disclosures**

As stated in "Note 46" to the consolidated financial statements from p. 165 in the Annual Report 2016, the operating segments in the Lufthansa Group render numerous services to related parties within the scope of their ordinary business activities and also receive services from them. These extensive supply and service relationships take place unchanged on the basis of market prices. There have been no significant changes in comparison with the balance sheet date. The contractual relationships with the group of related parties described in the "Remuneration report" from p. 79 and in "Note 47" from p. 167 of the 2016 consolidated financial statements also still exist unchanged, but are not of material significance for the Group.

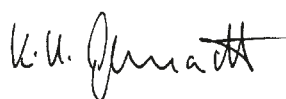
**Declaration by the  
legal representatives**

We declare that to the best of our knowledge and according to the applicable accounting standards for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt, 26 April 2017  
Executive Board



Carsten Spohr  
Chairman of the  
Executive Board and CEO



Karl Ulrich Garnadt  
Member of the Executive Board  
Eurowings and Aviation Services



Harry Hohmeister  
Member of the  
Executive Board  
Hub Management



Ulrik Svensson  
Member of the Executive Board  
and Chief Financial Officer



Dr Bettina Volkens  
Member of the Executive Board  
Corporate Human Resources  
and Legal Affairs

## Credits

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## Financial calendar 2017/2018

### 2017

- 5 May** Annual General Meeting in Hamburg
- 2 Aug.** Release of Interim Report  
January – June 2017
- 25 Oct.** Release of Interim Report  
January – September 2017

### 2018

- 15 March** Release of Annual Report 2017
- 26 April** Release of Interim Report January – March 2018
- 8 May** Annual General Meeting in Hamburg
- 31 July** Release of Interim Report January – June 2018
- 30 Oct.** Release of Interim Report  
January – September 2018

#### Disclaimer in respect of forward-looking statements

Information published in the 1st Interim Report 2017, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive facts. Its purpose is exclusively informational, and can be identified by the use of such cautionary terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate”, “anticipate”, “can”, “could”, “should” or “endeavour”. These forward-looking statements are based on discernible information, facts and expectations available at the time that the statements were made. They are therefore subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the Opportunities and risk report in the Annual Report. Should one or more of these risks occur, or should the underlying expectations or assumptions fail to materialise, this could have a significant effect (either positive or negative) on the actual results.

It is possible that the Group’s actual results and development may differ materially from the results forecast in the forward-looking statements. Lufthansa does not assume any obligation, nor does it intend, to adapt forward-looking statements to accommodate events or developments that may occur at some later date. Accordingly, it neither expressly nor conclusively accepts liability, nor gives any guarantee, for the actuality, accuracy and completeness of this data and information.



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