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2ND INTERIM REPORT

January – June 2019

Adjusted EBIT down 60% in first half-year of 2019 | European market suffering from price erosion | Long-haul routes still performing strongly | Higher fuel costs burden earnings | Adjusted EBIT margin between 5.5% and 6.5% expected for 2019

LUFTHANSA GROUP

The Lufthansa Group

KEY FIGURES LUFTHANSA GROUP

		Jan – Jun 2019	Jan – Jun 2018	Change in %	**Apr – Jun 2019**	Apr – Jun 2018	Change in %
Revenue and result							
Total revenue	€m	17,523	16,938	3	9,633	9,298	4
of which traffic revenue	€m	13,482	13,156	2	7,625	7,371	3
Operating expenses	€m	18,269	17,007	7	9,535	8,904	7
Adjusted EBITDA	€m	1,736	2,119	-18	1,415	1,537	-8
Adjusted EBIT	€m	418	1,052	-60	754	1,000	-25
EBIT	€m	417	1,054	-60	761	1,002	-24
Net profit/loss	€m	-116	713		226	752	-70
Key balance sheet and cash flow statement figures							
Total assets	€m	43,094	38,806	11	–	–	
Equity	€m	9,166	9,374	-2	–	–	
Equity ratio	%	21.3	24.2	-2.9 pts	–	–	
Net indebtedness	€m	6,234	2,554	144	–	–	
Pension provisions	€m	6,612	5,418	22	–	–	
Cash flow from operating activities	€m	2,393	3,233	-26	835	1,496	-44
Capital expenditure (gross)[1]	€m	1,904	2,142	-11	668	1,316	-49
Adjusted free cash flow	€m	269	997	-73	91	197	-54
Key profitability and value creation figures							
Adjusted EBITDA margin	%	9.9	12.5	-2.6 pts	14.7	16.5	-1.8 pts
Adjusted EBIT margin	%	2.4	6.2	-3.8 pts	7.8	10.8	-3.0 pts
EBIT margin	%	2.4	6.2	-3.8 pts	7.9	10.8	-2.9 pts
Lufthansa share							
Share price at the quarter-end	€	15.07	20.60	-27	–	–	
Earnings per share	€	-0.24	1.51		0.48	1.59	-70
Traffic figures[2]							
Flights	number	573,964	558,931	3	311,472	305,417	2
Passengers	thousands	68,941	66,729	3	39,557	38,237	3
Available seat-kilometres	millions	174,686	166,789	5	95,187	92,010	3
Revenue seat-kilometres	millions	141,095	133,182	6	79,196	74,945	6
Passenger load factor	%	80.8	79.9	0.9 pts	83.2	81.5	1.7 pts
Available cargo tonne-kilometres	millions	8,551	7,901	8	4,502	4,171	8
Revenue cargo tonne-kilometres	millions	5,236	5,362	-2	2,693	2,739	-2
Cargo load factor	%	61.2	67.9	-6.6 pts	59.8	65.7	-5.9 pts
Employees							
Employees as of 30 Jun		137,639	134,399	2	–	–	

[1] Without acquisition of equity investments.
[2] Previous year's figures have been adjusted.
Date of publication: 30 July 2019.

Contents

Ladies and gentlemen,

The European airline industry is currently facing numerous challenges that are also affecting the course of business at the Lufthansa Group. Revenue increased year on year by 3% to EUR 17,523m over the course of the first half-year; Adjusted EBIT, the main earnings indicator, fell by 60% to EUR 418m.

The main reason for this performance was the difficult market situation in Europe, in addition to higher fuel and MRO expenses. Whereas long-haul business continued to perform strongly, especially on transatlantic and Asian routes, market-wide overcapacities and increasing competition from low-cost carriers trying to capture market share with low prices are leading to high pricing pressure in European traffic.

These were the main reasons why we adjusted our outlook for the full year back in June. We are now expecting an Adjusted EBIT margin of between 5.5% and 6.5% for the financial year 2019.

To return to higher earnings in the future, the Lufthansa Group has initiated a wide range of measures.

At their centre is the strategic realignment of Eurowings, which is most strongly affected by the tense situation in the European market. The aim is to bring Eurowings back to profitability as quickly as possible and so to create sustainable value for shareholders again.

This shall be achieved by a clear focus on short-haul routes in direct traffic and shifting commercial responsibility for Brussels Airlines and the long-haul routes operated by Eurowings into the Network Airlines organisation. In addition, we will harmonise and rejuvenate the Eurowings fleet. Cutting flight operations down to one in Germany should reduce complexity and increase productivity.

Network Airlines will continue to focus on the premium segment and on innovative products and services. The recent Skytrax World Airline Awards, of which Network Airlines won no fewer than four, show that our quality offensive is paying off.

In summary, we can say that we have an excellent position in our home markets, which are among the strongest economies in the world. Our service companies are also world leaders. We intend to translate this market strength even more consistently into sustainable profitability and value creation in the future.

To enable our shareholders to participate more substantially in the Group's results, we will change our previous dividend policy and regularly distribute 20% to 40% of the Group's net income to our shareholders. This offers greater flexibility for enabling continuous dividend payments.

We would be pleased if you would continue to accompany us on this journey.

Frankfurt, 25 July 2019
The Executive Board

Carsten Spohr
Chairman of the Executive Board
and CEO

Thorsten Dirks
Member of the Executive Board
Eurowings

Harry Hohmeister
Member of the Executive Board
Chief Commercial Officer
Network Airlines

Detlef Kayser
Member of the Executive Board
Airline Resources &
Operations Standards

Ulrik Svensson
Member of the Executive Board
Chief Financial Officer

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

Economic environment and sector performance

MACROECONOMIC SITUATION

GDP DEVELOPMENT

in %	Q1	Q2[1]	Q3[1]	Q4[1]	Full year[1]
World	2.8	2.7	2.7	2.7	2.8
Europe	1.4	1.1	1.1	1.1	1.2
Germany	0.7	0.1	0.5	0.7	0.5
North America	3.1	2.6	2.2	2.2	2.5
South America	0.1	1.3	1.5	1.8	1.3
Asia/Pacific	4.4	4.3	4.6	4.5	4.5
China	6.4	6.3	6.2	6.1	6.2
Middle East	0.8	0.8	1.0	1.4	1.2
Africa	3.0	3.2	3.1	3.3	3.1

Source: Global Insight World Overview as of 15 Jul 2019.
[1] Forecast.

- Macroeconomic situation continued to decline globally, and particularly so in Europe and Germany; contributing factors include trade conflicts and uncertainty concerning the effects of Brexit
- According to data from Global Insight, the global economy grew by 2.7% year on year in the second quarter of 2019; growth in 2018 as a whole was 3.2%
- Asia/Pacific is the fastest growing region, with a growth rate of 4.3% (full year 2018: 4.8%)
- European economy expanded by 1.1% in second quarter of 2019 (full year 2018: 2.1%); growth in Germany came to just 0.1% (full year 2018: 1.5%)

DEVELOPMENT OF CRUDE OIL, KEROSENE AND CURRENCY

		Minimum	Maximum	Average	30 Jun 2019
ICE Brent	in USD/bbl	53.80	74.57	66.12	66.55
Kerosene	in USD/t	549.25	701.50	633.02	639.75
USD	1 EUR/USD	1,1134	1,1533	1,1295	1,1359
JPY	1 EUR/JPY	121.13	127.26	124.31	122.54
CHF	1 EUR/CHF	1,1077	1,1449	1,1294	1,1096
CNY	1 EUR/CNY	7,501	7,8841	7,6643	7,7991
GBP	1 EUR/GBP	0,8514	0,9027	0,8731	0,8948

Source: Bloomberg, annual average daily price.

- Oil price up in first half-year of 2019 from USD 53.80/barrel at year-end 2018 to USD 66.55/barrel on 30 June; average price of USD 66.12/barrel down 7% on the year
- Jet fuel crack, the price difference between crude oil and kerosene, was 3% down year on year
- Average kerosene price down accordingly by 6% on the year
- Compared with the previous year, the euro fell against all the main currencies for the Lufthansa Group: US dollar: – 7%, Japanese yen: – 6%, Swiss franc: – 3%, British pound sterling and Chinese renminbi: each – 1%

SECTOR DEVELOPMENTS

SALES PERFORMANCE IN THE AIRLINE INDUSTRY

in % compared with previous year	Revenue passenger-kilometres	Cargo tonne-kilometres
Europe	6	– 2
North America	4	–
Central and South America	6	3
Asia/Pacific	5	– 8
Middle East	–	– 3
Africa	2	3
Industry	**5**	**– 3**

Source: IATA Air Passenger/Air Freight Market Analysis (May 2019).

- Growth in passenger business slows; global revenue passenger-kilometres up year on year by 5% in the first five months of 2019 according to figures from the International Air Transport Association (IATA); year-on-year growth in 2018 was 7%
- European traffic marked by price erosion due to overcapacities across the market and aggressive growth by low-cost carriers
- Long-haul routes continue to perform better than short-haul
- Cargo business down due to lower economic growth and market uncertainty in the face of trade conflicts and Brexit; global revenue tonne-kilometres down by 3% in first five months of 2019 according to IATA; growth of 4% was realised in 2018
- Demand for aircraft maintenance, repair and overhaul services (MRO) rose with growth in global air traffic; growth of 8% is forecast for the full year 2019
- Catering market also grew in the first half-year of 2019 in the segments served by the LSG Group: air transport, rail and retail

Course of business

Difficult market environment and higher fuel costs burden earnings for the Lufthansa Group in first half-year of 2019

— Market environment in Europe in the first half-year of 2019 is marked by price erosion due to overcapacities across the market and aggressive growth by low-cost carriers
— Long-haul routes at Network Airlines continue to perform well
— Traffic revenue up year on year by 2% overall; positive volume and exchange rate effects compensate for lower prices; revenue up by 3%
— Adjusted EBIT down by 60%, especially due to lower unit revenues and higher fuel costs; reduction in unit costs insufficient to compensate in full
— Cash flow from operating activities decreases by 26%, mainly because of lower earnings; Adjusted free cash flow down by 73%
— Adjusted net debt/Adjusted EBITDA up 0.9 points on year-end 2018 to 2.7 due to discount rate-related higher pension provisions and the first-time application of IFRS 16

Significant events

Ulrik Svensson and Thorsten Dirks both confirmed as Executive Board members for a further three years

— Supervisory Board of Deutsche Lufthansa AG made an early decision on 13 March 2019 to renew the contract with CFO Ulrik Svensson for three more years until 31 December 2022
— Supervisory Board of Deutsche Lufthansa AG made an early decision on 6 May 2019 to renew the contract with Thorsten Dirks, Executive Board member, Eurowings, for three more years until 30 April 2023

Fleet renewal continues

— Supervisory Board of Deutsche Lufthansa AG approves on 13 March 2019 the purchase of 20 Boeing 787-9s and 20 Airbus A350-900s
— The aircraft will primarily replace four-engined aircraft in the Lufthansa Group's long-haul fleets, thus significantly reducing current costs; the new aircraft are due for delivery from late 2022 to 2027
— Six of the 14 A380s will be sold back to Airbus and will leave the fleet in 2022 and 2023

Sale process for LSG group initiated

— Executive Board of Deutsche Lufthansa AG launches formal sale process for a potential disposal of the LSG group in full or in part
— It has not yet been finalised whether the LSG group will be sold in full or in part at the end of the process

Investment grade ratings of Deutsche Lufthansa AG are raised

— Both the rating agency Standard & Poor's, on 15 April 2019, and Scope Ratings, on 4 June 2019, raised their rating for Deutsche Lufthansa AG within the investment grade range by one notch from BBB– to BBB, outlook stable; both agencies justify their decision largely with further improvements in the financial profile

Outlook for the full year adjusted

— On 16 June 2019 the Executive Board of Deutsche Lufthansa AG adjusted the financial outlook for the full year: an Adjusted EBIT margin of 5.5% to 6.5% is expected for 2019 ↗ **Forecast, p. 15f.**

Dividend policy amended

— Executive Board of the Lufthansa Group decided on 24 June 2019 to amend the Group's dividend policy; in future 20% to 40% of Group profits are to be paid out, after adjustment for non-recurring gains and losses
— Distribution range of new dividend policy offers greater flexibility for enabling continuous dividend payments

Eurowings adjusts strategic direction

— Eurowings presents new strategy at Capital Markets Day on 24 June 2019; its clear focus will be on short-haul, direct traffic ↗ **Business segments, p. 8ff.**

Events after the reporting period

Since 30 June 2019, 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.

Financial performance

EARNINGS POSITION

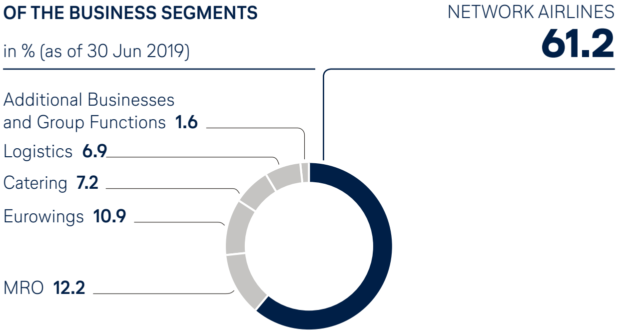
- Net assets, financial and earnings position is affected by newly applicable accounting standards, particularly IFRS 16, Leases
- Payment obligations from contracts previously classified as operating leases are discounted at the corresponding incremental borrowing rate and recognised as lease liabilities; right-of-use assets are recognised as assets in the same amount
- First-time application of IFRS 16 as of 1 January 2019 adopts modified retrospective approach; comparative figures for financial year 2018 therefore not adjusted
- More information can be found in the ↗ **Notes, p. 23ff.**

Revenue and operating income increase

- Traffic revenue rises by 2%; positive volume and exchange rate effects compensate for lower pricing
- Other revenue up by 7%, largely due to higher external revenue in MRO segment
- Revenue and operating income both 3% higher than last year

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS

in % (as of 30 Jun 2019)



REVENUE, INCOME AND EXPENSES

	Jan – Jun 2019 in €m	Jan – Jun 2018[1] in €m	Change in %
Traffic revenue	13,482	13,156	2
Other revenue	4,041	3,782	7
Total revenue	**17,523**	**16,938**	**3**
Other operating income	1,076	1,078	0
Total operating income	**18,599**	**18,016**	**3**
Cost of materials and services	9,738	8,765	11
of which fuel	3,225	2,776	16
of which other raw materials, consumables and supplies and purchased goods	1,996	1,739	15
of which fees and charges	2,219	2,166	2
of which external services MRO	978	820	19
Staff costs	4,518	4,338	4
Depreciation	1,318	1,067	24
Other operating expenses	2,695	2,837	-5
Total operating expenses	**18,269**	**17,007**	**7**
Result from equity investments	88	43	105
Adjusted EBIT	**418**	**1,052**	**-60**
Total reconciliation EBIT	-1	2	
EBIT	**417**	**1,054**	**-60**
Net interest	-228	-85	-168
Other financial items	-77	30	
Profit/loss before income taxes	**112**	**999**	**-89**
Income taxes	-213	-268	21
Profit/loss after income taxes	**-101**	**731**	
Profit/loss attributable to minority interests	-15	-18	17
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-116**	**713**	

[1] The figures for the previous year shown here and in the following report have been adjusted; information on the change in accounting for engine overhaul events can be found in the ↗ **Annual Report 2018, p. 114/115.**

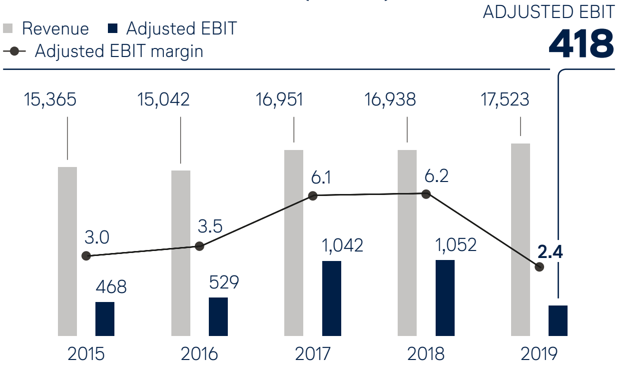
Operating expenses up on last year

- Operating expenses up by 7% in total
- Cost of materials and services up by 11%
  - Fuel costs up by 16% for exchange rate, pricing and volume reasons
  - Expenses for other raw materials, consumables and supplies up by 15%, especially due to growth in MRO segment
  - External MRO costs up by 19% due to internal capacity bottlenecks
- Staff expenses up by 4%, especially due to higher staff numbers and exchange rate effects
- Depreciation and amortisation up by 24%; 18 percentage points, which amounts to EUR 191m, are due to amortisation of right-of-use assets in line with IFRS 16
- Accounting changes resulting from IFRS 16 reduce lease expenses within the cost of materials and services and other operating expenses by EUR 207m

Earnings down year on year

- Adjusted EBIT and EBIT both down on previous year by 60%
- IFRS 16 has positive effect of EUR 16m on Adjusted EBIT
- Adjusted EBIT margin down by 3.8 percentage points to 2.4% (previous year: 6.2%)
- Net interest down to EUR – 228m (previous year: EUR – 85m), particularly due to a one-off effect of EUR 146m in connection with a provision for interest on back taxes to tax authorities in Germany (see below)
- Other financial items down to EUR – 77m (previous year: EUR 30m), essentially due to negative measurement effects in derivative financial instruments
- Income tax expenses down by 21% to EUR 213m (previous year: EUR 268m); provision of EUR 194m for a tax risk in Germany partly compensates for lower earnings
- Tax risk relates to an outstanding tax matter in Germany from the years 2001 to 2005; earlier rulings by the regional court and the German Federal Finance Court had upheld the company's legal position; however, the Federal Finance Court recently revoked the case law established in prior years in a similar case; the tax risk was reassessed as a result.
- Net loss for the period down to EUR – 116m (previous year: EUR 713m)

DEVELOPMENT REVENUE, ADJUSTED EBIT in €m (Jan – Jun)
AND ADJUSTED EBIT MARGIN in % (Jan – Jun)



RECONCILIATION OF RESULTS

in €m	Jan – Jun 2019 Income statement	Jan – Jun 2019 Reconciliation Adjusted EBIT	Jan – Jun 2018 Income statement	Jan – Jun 2018 Reconciliation Adjusted EBIT
Total revenue	**17,523**	**–**	**16,938**	**–**
Changes in inventories	319	–	241	–
Other operating income	795	–	848	–
of which book gains	–	– 13	–	– 8
of which write-ups on capital assets	–	– 25	–	– 2
of which badwill	–	–	–	–
Total operating income	**18,637**	**– 38**	**18,027**	**– 10**
Cost of materials and services	– 9,738	–	– 8,765	–
Staff costs	– 4,520	–	– 4,339	–
of which past service costs/settlement	–	2	–	1
Depreciation	– 1,329	–	– 1,068	–
of which impairment losses	–	11	–	–
Other operating expenses	– 2,721	–	– 2,844	–
of which impairment losses on assets held for sale	–	– 1	–	–
of which expenses incurred from book losses	–	27	–	7
Total operating expenses	**– 18,308**	**39**	**– 17,016**	**8**
Profit/loss from operating activities	**329**	**–**	**1,011**	**–**
Result from equity investments	88	–	43	–
EBIT	**417**	**–**	**1,054**	**–**
Total amount of reconciliation Adjusted EBIT	–	1	–	– 2
Adjusted EBIT	**–**	**418**	**–**	**1,052**
Depreciation	–	1,318	–	1,067
Adjusted EBITDA	**–**	**1,736**	**–**	**2,119**

FINANCIAL POSITION

Capital expenditure down on previous year

- Gross capital expenditure (without acquisition of equity investments) fell by 11% to EUR 1,904m, mainly due to lower capital expenditure for new aircraft (previous year: EUR 2,142m)

Cash flow from operating activities and Adjusted free cash flow decrease

- Cash flow from operating activities down by 26%, mainly due to lower profit before income taxes and higher tax payments as a result of higher earnings in recent years
- Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) down by 73% to EUR 269m despite lower investments (previous year: EUR 997m)
  - Lease payments are shown as payments of capital and interest within cash flow from financing activities, in accordance with IFRS 16
  - Adjusted free cash flow reflects the cash outflow for leases (capital payments) that is shown in cash flow from financing activities; comparative figure is restated for the interest portion of lease expenses shown in cash flow from operating activities (EUR 20m)

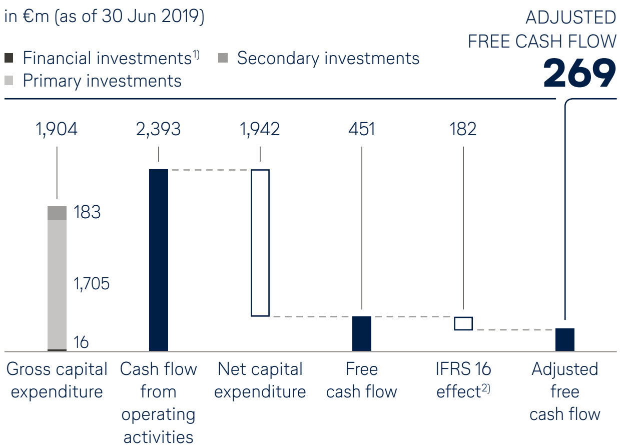
Financing activities result in cash outflow

- The balance of financing activities was a net cash outflow of EUR 127m (decrease of 79%, previous year: cash outflow of EUR 591m)
- This includes outflows to repay IFRS 16 lease liabilities and corresponding interest payments of EUR 207m

Liquidity down on the previous year's level

- Liquidity (total of cash and current securities) down year on year in the first half-year of 2019 by 12% to EUR 3,406m (previous year: EUR 3,856m)

CASH FLOW AND CAPITAL EXPENDITURE
in €m (as of 30 Jun 2019)



[1] Without acquisition of equity investments.
[2] Capital payments of operating lease liabilities included in cash flow from financing activities.

NET ASSETS

Total assets up on year-end 2018

- Total assets increase by 13% on year-end 2018 to EUR 43,094m (31 December 2018: EUR 38,213m)
- Non-current assets up by 14% to EUR 31,345m (31 December 2018: EUR 27,559m), particularly due to IFRS 16 effect of EUR 2,292m
- Current assets up by 10% to EUR 11,749m (31 December 2018: EUR 10,654m), primarily due to seasonally higher receivables
- Non-current provisions and liabilities up by 26% to EUR 15,687m (31 December 2018: EUR 12,425m); FRS 16 effect comes to EUR 1,907m
  - Pension liabilities up by 13% to EUR 6,612m (31 December 2018: EUR 5,865m), largely due to the lower interest rate of 1.6% used to discount pension obligations (31 December 2018: 2.0%)
- Current provisions and liabilities up by 13% to EUR 18,241m (31 December 2018: EUR 16,215m), primarily due to seasonally higher liabilities from unused flight documents and the IFRS 16 effect of EUR 401m
- Shareholders' equity down by 4% on year-end to EUR 9,166m (31 December 2018: EUR 9,573m); decline due to valuation effects of pensions recognised directly in equity and dividend payments is partly offset by valuation effects of derivatives recognised directly in equity

Rise in net indebtedness mainly due to accounting change

- Equity ratio down by 3.8 percentage points compared with year-end 2018 to 21.3% (31 December 2018: 25.1%); 1.2 percentage points of the decline are due to accounting changes according to IFRS 16
- Net indebtedness up by 79% to EUR 6,234m (31 December 2018: EUR 3,489m); 66 percentage points, or EUR 2,308m, of the increase are due to accounting changes according to IFRS 16
- Adjusted net debt/Adjusted EBITDA up 0.9 points on year-end 2018 to 2.7 due to discount rate-related higher pension provisions and the IFRS 16 effect (0.4 points)

GROUP FLEET – NUMBER OF COMMERCIAL AIRCRAFT

Lufthansa German Airlines including regional airlines (LH), SWISS including Edelweiss (LX), Austrian Airlines (OS), Eurowings (EW) including Brussels Airlines and Germanwings and Lufthansa Cargo (LCAG) as of 30 Jun 2019

Manufacturer/type	LH	LX	OS	EW	LCAG	**Group fleet**	of which lease	Change as of 31 Dec 2018	Change as of 30 Jun 2018
Airbus A319	30	3	7	73		113	37	–2	–2
Airbus A320	94	29	23	79		225	33	3	11
Airbus A321	65	9	6	5		85	2	2	2
Airbus A330	16	16		21		53	13	–3	–3
Airbus A340	33	9		1		43		–1	–5
Airbus A350	14					14		2	3
Airbus A380	14					14		–	–
Boeing 747	32					32		–	–
Boeing 767			6			6		–	–
Boeing 777		10	6		10[1]	26	5	3	5
Boeing MD-11F					12	12		–	–
Bombardier CRJ	35					35		–	–
Bombardier C Series		29				29		1	6
Bombardier Q Series			17	17		34	17	–4	–4
Embraer	26		17			43		–	–
Total aircraft	**359**	**105**	**82**	**196**	**22**	**764**	**107**	**1**	**13**

[1] Of which pro rata shares of two aircraft operated by AeroLogic.

Business segments

NETWORK AIRLINES BUSINESS SEGMENT

KEY FIGURES NETWORK AIRLINES

		Jan – Jun 2019	Jan – Jun 2018	Change in %	Apr – Jun 2019	Apr – Jun 2018	Change in %
Revenue	€m	11,060	10,668	4	6,246	5,940	5
of which traffic revenue	€m	10,197	9,774	4	5,818	5,498	6
Operating expenses	€m	10,869	10,032	8	5,710	5,267	8
Adjusted EBITDA	€m	1,378	1,729	– 20	1,133	1,232	– 8
Adjusted EBIT	€m	565	989	– 43	725	861	– 16
EBIT	€m	564	992	– 43	724	860	– 16
Adjusted EBIT margin	%	5.1	9.3	– 4.2 pts	11.6	14.5	– 2.9 pts
Segment capital expenditure	€m	1,479	1,488	– 1	520	917	– 43
Employees as of 30 Jun		52,238	51,381	2	–	–	
Flights[1]	number	419,622	405,457	3	226,676	219,820	3
Passengers[1]	thousands	50,885	48,933	4	29,043	27,782	5
Available seat-kilometres[1]	millions	143,555	136,810	5	78,060	74,813	4
Revenue seat-kilometres[1]	millions	115,979	109,264	6	65,048	61,009	7
Passenger load factor[1]	%	80.8	79.9	0.9 pts	83.3	81.5	1.8 pts

[1] Previous year's figures have been adjusted.

OPERATING FIGURES NETWORK AIRLINES

		Jan – Jun 2019	Jan – Jun 2018	Change in %	Exchange-rate adjusted change in %	Apr – Jun 2019	Apr – Jun 2018	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	8.8	8.9	– 1.7	– 3.7	8.9	9.0	– 0.8	– 2.8
Unit revenue (RASK)	€ Cent	7.8	7.9	– 0.8	– 3.2	8.1	8.0	1.1	– 1.6
Unit cost (CASK) excluding fuel	€ Cent	5.7	5.6	1.5	– 0.2	5.4	5.3	2.2	0.3

— Measures to improve operating stability as part of the Operational Excellence project are still being implemented consistently and are having an effect; punctuality up significantly compared with last year
— Improvements to travel experience for Network Airlines customers on short and medium-haul routes; innovative new seats with USB socket, tablet holder and more space provide greater comfort
— First Airbus A321neo with standard cabin for all Network Airlines delivered; standardisation applies to all aircraft in the A320 family supplied to the Network Airlines
— Traffic revenue up by 4% due to volumes and exchange rates
— Revenue and operating income also up by 4%
— Constant currency unit revenues down by 3.2%, primarily due to declines in Europe, only partly offset by growth on long-haul routes
— Operating expenses 8% up on the year, mainly due to higher fuel and MRO expenses, especially in connection with engine maintenance
— Constant currency unit costs excluding fuel down by 0.2%, particularly due to lower costs in connection with flight irregularities
— Adjusted EBIT down by 43%
— Adjusted EBIT margin decreases by 4.2 percentage points

TRENDS IN TRAFFIC REGIONS
Network Airlines

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan – Jun 2019 in €m	Change in %	**Jan – Jun 2019** in thousands	Change in %	**Jan – Jun 2019** in millions	Change in %	**Jan – Jun 2019** in millions	Change in %	**Jan – Jun 2019** in %	Change in pts
Europe	4,147	0	38,780	3	42,112	5	31,515	4	74.8	– 0.7
America	3,322	4	5,797	5	53,244	3	44,708	6	84.0	2.0
Asia/Pacific	1,938	9	3,571	5	34,372	4	28,836	5	83.9	1.1
Middle East/Africa	790	16	2,737	14	13,826	13	10,920	15	79.0	1.7
Total	**10,197**	**4**	**50,885**	**4**	**143,555**	**5**	**115,979**	**6**	**80.8**	**0.9**

Lufthansa German Airlines

KEY FIGURES LUFTHANSA GERMAN AIRLINES[1]

		Jan – Jun 2019	Jan – Jun 2018	Change in %
Revenue	€m	7,758	7,494	4
Operating expenses	€m	7,601	7,030	8
Adjusted EBITDA	€m	936	1,199	– 22
Adjusted EBIT	€m	403	703	– 43
EBIT	€m	402	703	– 43
Employees as of 30 Jun		34,898	34,445	1
Flights[2]	number	276,344	269,310	3
Passengers[2]	thousands	34,341	33,294	3
Available seat-kilometres[2]	millions	99,216	95,292	4
Revenue seat-kilometres	millions	80,119	76,141	5
Passenger load factor	%	80.8	79.9	0.8 pts

[1] Including regional partners.
[2] Previous year's figures have been adjusted.

- Fleet renewal continues apace; three Airbus A320ceos, four A320neos, two A321neos and two A350s enter service
- Quality offensive is rewarded; voted ATW Airline of the Year by the trade magazine Air Transport World, Best Airline in Europe and Best Western European Airline at the Skytrax World Airline Awards 2019 and Best Airline for Business Travellers in German and European Traffic at the Business Traveller Awards

- Revenue up by 4% particularly due to volumes; operating income up by 3%
- Operating expenses up year on year by 8%; active cost management partly offsets increase in fuel and MRO costs
- Adjusted EBIT down by 43%

SWISS

KEY FIGURES SWISS[1]

		Jan – Jun 2019	Jan – Jun 2018	Change in %
Revenue	€m	2,447	2,303	6
Operating expenses	€m	2,340	2,138	9
Adjusted EBITDA	€m	411	443	– 7
Adjusted EBIT	€m	215	280	– 23
EBIT	€m	215	280	– 23
Employees as of 30 Jun		10,341	9,818	5
Flights[2]	number	80,818	76,074	6
Passengers[2]	thousands	10,094	9,585	5
Available seat-kilometres[2]	millions	30,951	28,806	7
Revenue seat-kilometres[2]	millions	25,406	23,492	8
Passenger load factor[2]	%	82.1	81.6	0.5 pts

[1] Including Edelweiss Air.
[2] Previous year's figures have been adjusted.

- Refit of Airbus A340 cabin is progressing; three aircraft already equipped with new seats in all travel classes, new galley and new in-flight entertainment system
- Refurbished SWISS check-in area in Terminal 1 at Zurich Airport opened; new desk concept, waiting areas and information panels in SWISS design heighten travel experience for passengers in all travel classes
- Voted World's Best First Class Lounge at the Skytrax World Airline Awards 2019 and Europe's Leading Airline – Economy Class 2019 at the World Travel Awards

- Revenue and operating income both up by 6%, primarily due to volumes and exchange rates
- Operating expenses 9% higher than last year, particularly due to higher fuel and MRO expenses and exchange rate effects
- Adjusted EBIT down by 23%

Austrian Airlines

KEY FIGURES AUSTRIAN AIRLINES

		Jan – Jun 2019	Jan – Jun 2018	Change in %
Revenue	€m	982	1,008	-3
Operating expenses	€m	1,074	1,049	2
Adjusted EBITDA	€m	32	88	-64
Adjusted EBIT	€m	-53	5	
EBIT	€m	-55	9	
Employees as of 30 Jun		6,999	7,118	-2
Flights[1]	number	66,419	64,310	3
Passengers[1]	thousands	6,731	6,356	6
Available seat-kilometres	millions	13,561	12,896	5
Revenue seat-kilometres	millions	10,588	9,775	8
Passenger load factor	%	78.1	75.8	2.3 pts

[1] Previous year's figures have been adjusted.

- Consistent implementation of new strategic programme #DriveTo25 to cut unit costs and address competition from low-cost carriers at Vienna Airport
- Voted Best Premium Economy Class Onboard Catering at the Skytrax World Airline Awards 2019

- Revenue and operating income both down by 3% due to lower prices
- Operating expenses up by 2%, mainly due to higher fuel and MRO expenses, only partly offset by lower fees and charges
- Adjusted EBIT down to EUR -53m (previous year: EUR 5m)

EUROWINGS BUSINESS SEGMENT

KEY FIGURES EUROWINGS

		Jan – Jun 2019	Jan – Jun 2018	Change in %	**Apr – Jun 2019**	Apr – Jun 2018	Change in %
Revenue	€m	1,942	1,935	0	1,137	1,142	0
of which traffic revenue	€m	1,896	1,873	1	1,111	1,109	0
Operating expenses	€m	2,332	2,268	3	1,225	1,220	0
Adjusted EBITDA	€m	-37	-41	10	101	83	22
Adjusted EBIT	€m	-273	-220	-24	-16	-8	-100
EBIT	€m	-274	-220	-25	-18	-6	-200
Adjusted EBIT margin	%	-14.1	-11.4	-2.7 pts	-1.4	-0.7	-0.7 pts
Segment capital expenditure	€m	75	351	-79	35	161	-78
Employees as of 30 Jun		9,060	9,357	-3	–	–	
Flights	number	154,342	153,474	1	84,796	85,597	-1
Passengers[1]	thousands	18,056	17,797	1	10,514	10,455	1
Available seat-kilometres	millions	31,132	29,979	4	17,127	17,197	0
Revenue seat-kilometres	millions	25,116	23,918	5	14,148	13,936	2
Passenger load factor	%	80.7	79.8	0.9 pts	82.6	81.0	1.6 pts

[1] Previous year's figures have been adjusted.

OPERATING FIGURES EUROWINGS

		Jan – Jun 2019	Jan – Jun 2018	Change in %	Exchange-rate adjusted change in %	Apr – Jun 2019	Apr – Jun 2018	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	7.5	7.8	–3.6	–4.1	7.9	8.0	–1.3	–1.9
Unit revenue (RASK)	€ Cent	6.5	6.7	–2.8	–5.0	6.9	6.9	0.0	–2.1
Unit cost (CASK) excluding fuel	€ Cent	5.7	5.9	–4.3	–6.1	5.3	5.5	–3.5	–5.7

- Significant improvement in operating performance since end of last year; Eurowings is currently one of the most punctual and reliable airlines in Europe
- New strategy approved: clear focus on short-haul, direct traffic in future; fleet harmonisation and renewal; commercial responsibility for long-haul routes and Brussels Airlines will be moved into the Network Airlines organisation; reduction to one flight operation in Germany; positive earnings contribution in 2021 and 15% reduction in unit costs by 2022 planned
- Voted third in the category Best Airline for Business Travellers in German and European Traffic at the Business Traveller Awards and Most Customer-Friendly Airline App by Focus Money
- Traffic revenue up 1% on the previous year; higher volumes offset by lower prices due to intense competition on European short-haul routes
- Revenue stable year on year; operating income up by 1%
- Constant currency unit revenues down year on year by 5.0%, mainly due to high pricing pressure in Europe, which in turn is the result of overcapacities and intense competition
- Higher fuel costs drive operating expenses up by 3%, despite lower expenses for flight irregularities
- Constant currency unit costs excluding fuel down by 6.1%, primarily due to the absence of last year's integration expenses and lower costs for flight irregularities
- Adjusted EBIT down by 24%
- Adjusted EBIT margin decreases by 2.7 percentage points

TRENDS IN TRAFFIC REGIONS
Eurowings

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan – Jun 2019 in €m	Change in %	Jan – Jun 2019 in thousands	Change in %	Jan – Jun 2019 in millions	Change in %	Jan – Jun 2019 in millions	Change in %	Jan – Jun 2019 in %	Change in pts
Short-haul	1,401	–3	16,439	1	20,041	2	15,966	3	79.7	0.5
Long-haul	495	16	1,617	10	11,090	8	9,150	10	82.5	1.6
Total	**1,896**	**1**	**18,056**	**1**	**31,132**	**4**	**25,116**	**5**	**80.7**	**0.9**

LOGISTICS BUSINESS SEGMENT

KEY FIGURES LOGISTICS

		Jan – Jun 2019	Jan – Jun 2018	Change in %	Apr – Jun 2019	Apr – Jun 2018	Change in %
Revenue	€m	1,238	1,301	–5	622	660	–6
of which traffic revenue	€m	1,158	1,223	–5	581	621	–6
Operating expenses	€m	1,286	1,210	6	663	624	6
Adjusted EBITDA	€m	91	177	–49	30	79	–62
Adjusted EBIT	€m	15	127	–88	–9	55	
EBIT	€m	9	126	–93	–10	54	
Adjusted EBIT margin	%	1.2	9.8	–8.6 pts	–1.4	8.3	–9.7 pts
Segment capital expenditure	€m	169	166	2	34	150	–77
Employees as of 30 Jun		4,557	4,316	6	–	–	
Available cargo tonne-kilometres[1]	millions	7,145	6,551	9	3,794	3,475	9
Revenue cargo tonne-kilometres[1]	millions	4,369	4,403	–1	2,265	2,260	0
Cargo load factor[1]	%	61.1	67.2	–6.1 pts	59.7	65.0	–5.3 pts

[1] Previous year's figures have been adjusted.

- Renewal of freighter fleet continues: two new Boeing 777Fs integrated into the Lufthansa Cargo fleet in spring 2019; another new Boeing 777F incorporated into Aerologic
- Lufthansa Cargo responds to weaker market demand by adjusting flight timetable and reducing use of the MD11 freighters; two MD11 freighters are to be retired by year-end 2019
- Cooperation with Cathay Pacific expanded by adding routes between Europe and Hong Kong
- New subsidiary, "heyworld" offers tailored solutions for the fast-growing e-commerce business
- Improvements to efficiency and cost structures are ongoing; focus on fleet renewal and optimised capacity planning
- Traffic revenue down by 5% due to pricing and volumes, especially on routes between Europe and Asia
- Revenue also down by 5%; operating income 3% below last year
- Operating expenses up by 6%; volume-related increase in cost of materials and services, partly due to taking over belly capacities of Brussels Airlines; higher depreciation, partly due to investment in new freighters
- Adjusted EBIT down by 88%

TRENDS IN TRAFFIC REGIONS
Lufthansa Cargo

	Net traffic revenue external revenue		Available cargo-tonne-kilometers		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan – Jun 2019 in €m	Change in %	Jan – Jun 2019 in €m	Change in %	Jan – Jun 2019 in €m	Change in %	Jan – Jun 2019 in %	Change in pts
Europe	95	–1	484	46	159	0	32.8	–15.1
America	489	–5	3,281	9	1,954	1	59.5	–5.1
Asia/Pacific	465	–13	2,793	3	1,905	–7	68.2	–7.5
Middle East/Africa	109	40	587	15	351	38	59.8	10.1
Total	**1,158**	**–5**	**7,145**	**9**	**4,369**	**–1**	**61.1**	**–6.1**

MRO BUSINESS SEGMENT

KEY FIGURES MRO

		Jan – Jun 2019	Jan – Jun 2018	Change in %	**Apr – Jun 2019**	Apr – Jun 2018	Change in %
Revenue	€m	3,420	2,946	16	1,692	1,473	15
of which with companies of the Lufthansa Group	€m	1,274	1,033	23	652	515	27
Operating expenses	€m	3,318	2,849	16	1,659	1,420	17
Adjusted EBITDA	€m	342	287	19	168	151	11
Adjusted EBIT	€m	243	227	7	118	120	– 2
EBIT	€m	243	229	6	117	122	– 4
Adjusted EBIT margin	%	7.1	7.7	– 0.6 pts	7.0	8.1	– 1.1 pts
Segment capital expenditure	€m	164	108	52	88	74	19
Employees as of 30 Jun		25,548	22,209	15	–	–	

— Establishment of AVIATION DataHub, an independent digital platform enabling airlines, manufacturers and companies from the MRO industry to collect, merge and process their technical and flight operating data
— Establishment of a joint venture between Lufthansa Technik and LG Electronics; aim is to combine advanced, light and flexible OLED display technologies to open up new markets for the digitalisation of aircraft interiors
— Revenue up year on year by 16% particularly due to volumes and exchange rates; total income up by 15%
— Operating expenses up by 16%, primarily due to the higher cost of materials and services and higher external engine overhaul expenses
— Adjusted EBIT up by 7%, mainly due to higher result from equity investments and earnings increases in the engine business

CATERING BUSINESS SEGMENT

KEY FIGURES CATERING

		Jan – Jun 2019	Jan – Jun 2018	Change in %	**Apr – Jun 2019**	Apr – Jun 2018	Change in %
Revenue	€m	1,620	1,552	4	855	830	3
of which with companies of the Lufthansa Group	€m	360	335	7	193	180	7
Operating expenses	€m	1,628	1,552	5	850	817	4
Adjusted EBITDA	€m	90	70	29	59	54	9
Adjusted EBIT	€m	33	40	– 18	31	39	– 21
EBIT	€m	33	40	– 18	30	39	– 23
Adjusted EBIT margin	%	2.0	2.6	– 0.6 pts	3.6	4.7	– 1.1 pts
Segment capital expenditure	€m	45	24	88	28	14	100
Employees as of 30 Jun		36,278	35,937	1	–	–	

- Renewal of contract with airBaltic at its hub in Riga, Latvia; continuation of existing hybrid service model
- Confirmation of position as leading in-flight service supplier to United Airlines with contract renewals at ten airports in the USA and Germany and new acquisition in South Korea
- Acquisition of lounge management for Japan Airlines in Frankfurt is confirmation of the collaboration in the lounge business started in 2018 in New York
- New catering facilities opened in Phoenix, AZ, USA, and Nairobi, Kenya
- Retail inMotion wins contract to manage the Cathay Pacific Group's travel retail programme

- Revenue and total income both up by 4%; exchange rate effects and price increases, above all in North America, more than offset the loss of individual customer orders
- Operating expenses up by 5%, mainly because of exchange rates and volumes, as well as higher transformation expenses in Europe
- Adjusted EBIT down by 18%

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

		Jan – Jun 2019	Jan – Jun 2018	Change in %	**Apr – Jun 2019**	Apr – Jun 2018	Change in %
Revenue	€m	1,284	1,270	1	660	657	0
Operating expenses	€m	1,426	1,366	4	742	723	3
Adjusted EBITDA	€m	– 83	– 63	– 32	– 50	– 47	– 6
Adjusted EBIT	€m	– 135	– 88	– 53	– 76	– 59	– 29
EBIT	€m	– 126	– 89	– 42	– 68	– 59	– 15
Segment capital expenditure	€m	30	20	50	13	10	30
Employees as of 30 Jun		9,958	11,199	– 11	–	–	

- Operating income up by 1%
- Operating expenses up 4% on the year due to the modernisation of the IT system environment at AirPlus, among other things
- Adjusted EBIT down by 53%

Opportunities and risk report

The opportunities and risks for the Group described in detail in the Annual Report 2018 have materialised or developed as follows:

- Expectations for global economic growth in 2019 have weakened in recent months. Trade conflicts are the main drivers of this development.
- Weaker demand in the freight market caused yields to fall in the first half-year. Depending on further macroeconomic developments and the outcome of the trade conflicts, there is a risk that this trend will continue for longer and be more pronounced than expected.
- The continental market environment has become more challenging as a result of high capacity growth in European traffic overall and additional competition from low-cost carriers.
- The Lufthansa Group counters the ever increasing threat of cyberattacks with a cybersecurity programme, which will lead to greater resilience against potential attacks.
- Uncertainties remain about the short- and medium-term effects of Brexit. In recent months, the Lufthansa Group has looked in greater detail at a “no-deal” exit of the United Kingdom from the European Union and has taken the first steps to prepare for it. It cannot be ruled out that macroeconomic or regulatory changes could impact the financial performance of the Lufthansa Group.
- The steps taken to improve the stability of flight operations are having an effect: Delays were reduced thanks to sustainable process optimisation and additional staff, while flight cancellations were significantly reduced by means of additional reserve aircraft and engines. However, the external environment remains challenging, especially as far as capacity bottlenecks in air traffic control in Germany are concerned.
- Greater public debate about climate change entails a higher risk that emissions of greenhouse gases, such as CO_2, are subjected to stricter regulation, taxed or included to a greater extent in emissions trading schemes.

Taking all known circumstances into account, no risks have currently been identified that either on their own or as a whole could jeopardise the continued existence of the Lufthansa Group.

Forecast

Macroeconomic outlook

- Global Insight expects global economic growth to slow to 2.8% in 2019 (previous year: 3.2%)

GDP DEVELOPMENT

in %	2019[1]	2020[1]	2021[1]	2022[1]	2023[1]
World	2.8	2.7	2.7	2.8	2.9
Europe	1.2	1.2	1.4	1.5	1.6
Germany	0.5	0.9	1.3	1.4	1.4
North America	2.5	1.8	1.7	1.7	1.6
South America	1.3	1.7	1.9	2.2	2.3
Asia/Pacific	4.5	4.4	4.5	4.5	4.6
China	6.2	5.9	5.8	5.7	5.7
Middle East	1.2	2.5	2.6	2.8	2.8
Africa	3.1	3.6	3.5	3.7	3.9

Source: Global Insight World Overview as of 15 Jul 2019.
[1] Forecast.

- Futures rates suggest that oil prices will fall slightly in the second half of 2019 from their level at the end of June 2019; oil prices are affected by geopolitical developments, so volatile kerosene prices should therefore also be expected for the remainder of the year 2019
- Analyst consensus expects US dollar to remain strong for the rest of 2019; geopolitical and economic risks could lift “safe haven” currencies like the Japanese yen and the Swiss franc
- European Central Bank returns to caution after its first steps towards normalisation; no major changes to euro interest rate policy are therefore expected before year-end 2019

Sector outlook

- Based on forecasts for global economic growth, IATA is predicting an increase in global revenue passenger-kilometres for 2019 as a whole; at 5.0% it is nonetheless expected to be well below last year’s figure of 7.4%
- For the freight sector, IATA assumes that global revenue tonne-kilometres will be at the same level as last year; in 2018 they increased by 3.4%
- Overall, IATA expects net profits for the global airline industry to fall to USD 28.0bn in 2019 (previous year: USD 30.0bn); the operating environment for airlines is said to have worsened due to rising fuel prices and slower global trade

Outlook for the Lufthansa Group

- On 16 June 2019 the Executive Board of Deutsche Lufthansa AG adjusted its financial outlook for the full year 2019 compared with the forecast published in the Annual Report 2018
- An Adjusted EBIT margin of 5.5% to 6.5% is now expected for the full year (previously[1]: 6.5% to 8.0%)
- Fuel costs for Network Airlines are anticipated to increase EUR 500m year on year (previously: increase of EUR 600m); fuel costs at Eurowings are expected to be EUR 50m up on the year (previously: increase of EUR 100m)
- Earnings outlook for Network Airlines adjusted, primarily due to weaker-than-expected income on European short-haul routes
- Performance on long-haul routes is in line with original expectations; however, earnings in European short-haul traffic are diminished by high pricing pressure and the difficult market situation, especially in the German and Austrian home markets
- For 2019 Network Airlines are therefore expecting a low single-digit decline in unit revenues on a constant-currency basis (previously: stable to low single-digit decline)
- Although the increase in MRO expenses is higher than originally expected, predominantly as a result of significantly more engine maintenance operations, unit costs will decrease year on year by 0% to 1% (previously: decline of 0.5% to 1.5%)
- The Group is now expecting an Adjusted EBIT margin for Network Airlines of between 7% and 9% in 2019 (previously: 7.5% to 9.5%)
- Ongoing optimisation of the route network will lead to a capacity reduction of around 1% at Eurowings (previously: capacity unchanged year on year)
- Eurowings is hit harder than Network Airlines by the challenging market environment in Europe because its route portfolio is different; unit revenues are therefore expected to fall by a mid single-digit percentage (previously: stable to low single-digit increase)
- Progress on reducing costs at Eurowings is slower than expected; decline in unit costs over the full year now forecast at between 6% and 8% (previously: decline of 7% to 9%)
- The Group is now expecting an Adjusted EBIT margin for Eurowings of between – 4% and – 6% in 2019 (previously: around 0%)
- Revenue in the Logistics segment is now expected to be the same as last year, with an Adjusted EBIT margin of 3% to 5% (previously: 7% to 9%)
- Forecast is unchanged for the MRO and Catering segment
- Earnings in the Additional Businesses and Group Functions segment is now expected to fall by EUR 50m (previously: decline of EUR 100m)

Further details can be found in the ↗ **Annual Report 2018, starting on p. 75.**

FINANCIAL OUTLOOK 2019

	Passenger Airlines	
	Network Airlines	Eurowings
Capacity growth (ASK)	c. + 4%	c. – 1%
Unit revenues (RASK, at constant currency)	down low single-digit	down mid single-digit
Unit cost (CASK, at constant currency and excl. fuel)	0% to – 1%	– 6% to – 8%
Fuel (year-on-year change)	EUR + 500m	EUR + 50m
Adjusted EBIT margin	**7.0% to 9.0%**	**– 4.0% to – 6.0%**

	Non-PAX			
	Logistics	MRO	Catering	Other
Revenue growth	stable	up mid single-digit	stable	
Adjusted EBIT margin	3% to 5%	7% to 8%	2% to 4%	
Adjusted EBIT (year-on-year change)				EUR – 50m

	Lufthansa Group
Revenue growth	up low single-digit
Adjusted EBIT margin	5.5% to 6.5%

[1] Last previously published forecast in each case.

Consolidated income statement
January – June 2019

CONSOLIDATED INCOME STATEMENT

in €m	Jan – Jun 2019	Jan – Jun 2018[1]	Apr – Jun 2019	Apr – Jun 2018[1]
Traffic revenue	13,482	13,156	7,625	7,371
Other revenue	4,041	3,782	2,008	1,927
Total revenue	**17,523**	**16,938**	**9,633**	**9,298**
Changes in inventories and work performed by entity and capitalised	319	241	168	105
Other operating income[2]	795	848	418	467
Cost of materials and services	– 9,738	– 8,765	– 5,185	– 4,681
Staff costs	– 4,520	– 4,339	– 2,279	– 2,233
Depreciation, amortisation and impairment[3]	– 1,329	– 1,068	– 662	– 536
Other operating expenses[4]	– 2,721	– 2,844	– 1,415	– 1,458
Profit/loss from operating activities	**329**	**1,011**	**678**	**962**
Result of equity investments accounted for using the equity method	51	29	55	28
Result of other equity investments	37	14	28	12
Interest income	35	27	23	18
Interest expenses	– 263	– 112	– 208	– 62
Other financial items	– 77	30	– 52	55
Financial result	**– 217**	**– 12**	**– 154**	**51**
Profit/loss before income taxes	**112**	**999**	**524**	**1,013**
Income taxes	– 213	– 268	– 290	– 252
Profit/loss after income taxes	**– 101**	**731**	**234**	**761**
Profit/loss attributable to minority interests	– 15	– 18	– 8	– 9
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**– 116**	**713**	**226**	**752**
Basic/diluted earnings per share in €	**– 0.24**	**1.51**	**0.48**	**1.59**

[1] Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the ↗ **Annual Report 2018, p. 114/115.**
[2] This includes EUR 14m (previous year: EUR 34m) from the reversal of write-downs on receivables.
[3] This includes EUR 1m (previous year: EUR 0m) for the recognition of write-downs on receivables.
[4] This includes EUR 35m (previous year: EUR 45m) for the recognition of loss allowances on receivables.

Statement of comprehensive income
January – June 2019

STATEMENT OF COMPREHENSIVE INCOME

in €m	Jan – Jun 2019	Jan – Jun 2018[1)]	Apr – Jun 2019	Apr – Jun 2018[1)]
Profit/loss after income taxes	**– 101**	**731**	**234**	**761**
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	44	33	2	65
Subsequent measurement of financial assets at fair value without effect on profit and loss	16	– 6	6	– 2
Subsequent measurement of hedges – cash flow hedge reserve	506	1,076	– 97	1,283
Subsequent measurement of hedges – costs of hedging	282	– 75	109	– 95
Other comprehensive income from investments accounted for using the equity method	2	1	1	–
Other expenses and income recognised directly in equity	12	0	– 4	– 1
Income taxes on items in other comprehensive income	– 195	– 172	– 5	– 219
	667	**857**	**12**	**1,031**
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	– 800	– 422	– 467	98
Subsequent measurement of financial assets at fair value	5	0	2	1
Other expenses and income recognised directly in equity	–	2	–	2
Income taxes on items in other comprehensive income	334	55	171	– 28
	– 461	**– 365**	**– 294**	**73**
Other comprehensive income after income taxes	**206**	**492**	**– 282**	**1,104**
Total comprehensive income	**105**	**1,223**	**– 48**	**1,865**
Comprehensive income attributable to minority interests	– 14	– 18	– 4	– 21
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	**91**	**1,205**	**– 52**	**1,844**

[1)] Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the ↗ **Annual Report 2018, p. 114/115.**

Consolidated statement of financial position
as of 30 June 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

in €m	**30 Jun 2019**	31 Dec 2018[1]	30 Jun 2018[1]
Intangible assets with an indefinite useful life[2]	1,385	1,381	1,369
Other intangible assets	521	512	496
Aircraft and reserve engines	17,956	16,776	16,296
Repairable spare parts for aircraft	2,301	2,133	1,950
Property, plant and other equipment	4,124	2,221	2,185
Investments accounted for using the equity method	659	650	595
Other equity investments	228	246	233
Non-current securities	31	41	38
Loans and receivables	457	512	450
Derivative financial instruments	1,086	828	891
Deferred charges and prepaid expenses	109	118	11
Effective income tax receivables	37	10	15
Deferred tax assets	2,451	2,131	1,646
Non-current assets	**31,345**	**27,559**	**26,175**
Inventories	1,001	968	932
Contract assets	244	234	185
Trade receivables and other receivables	6,225	5,576	6,065
Derivative financial instruments	416	357	1,006
Deferred charges and prepaid expenses	348	217	292
Effective income tax receivables	84	58	42
Securities	2,406	1,735	2,570
Cash and cash equivalents	1,002	1,500	1,534
Assets held for sale	23	9	5
Current assets	**11,749**	**10,654**	**12,631**
Total assets	**43,094**	**38,213**	**38,806**

[1] Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the ↗ **Annual Report 2018, p. 114/115.**
[2] Including goodwill.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	**30 Jun 2019**	31 Dec 2018[1)]	30 Jun 2018[1)]
Issued capital	1,217	1,217	1,213
Capital reserve	343	343	313
Retained earnings	5,914	4,555	5,047
Other neutral reserves	1,708	1,185	1,988
Net profit/loss	–116	2,163	713
Equity attributable to shareholders of Deutsche Lufthansa AG	**9,066**	**9,463**	**9,274**
Minority interests	100	110	100
Shareholders' equity	**9,166**	**9,573**	**9,374**
Pension provisions	6,612	5,865	5,418
Other provisions	512	537	547
Borrowings	7,573	5,008	5,911
Contract liabilities	22	22	43
Other financial liabilities	140	137	193
Advance payments received, deferred income and other non-financial liabilities	51	51	62
Derivative financial instruments	138	222	166
Deferred tax liabilities	639	583	628
Non-current provisions and liabilities	**15,687**	**12,425**	**12,968**
Other provisions	809	925	827
Borrowings	2,038	1,677	721
Trade payables and other financial liabilities	6,008	5,764	5,724
Contract liabilities from unused flight documents	5,602	3,969	5,605
Other contract liabilities	2,570	2,316	2,254
Advance payments received, deferred income and other non-financial liabilities	490	388	444
Derivative financial instruments	184	393	57
Effective income tax obligations	540	783	832
Current provisions and liabilities	**18,241**	**16,215**	**16,464**
Total shareholders' equity and liabilities	**43,094**	**38,213**	**38,806**

[1)] Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the ↗ **Annual Report 2018, p. 114/115.**

Consolidated statement of changes in shareholders' equity
as of 30 June 2019

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in €m	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**
As of 1 Jan 2018	**1,206**	**263**	**605**	**264**	**236**	**326**	**1,431**	**3,449**	**2,340**	**8,689**	**103**	**8,792**
Capital increases/reductions	7	50	–	–	–	–	–	–	–	57	–	57
Reclassifications	–	–	–	–	–	–	–	1,963	–1,963	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–377	–377	–21	–398
Transactions with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	713	713	18	731
Other expenses and income recognised directly in equity	–	–	823	33	–	1	857	–365	–	492	–	492
Hedging results reclassified from non-financial assets to acquisition costs	–	–	–300	–	–	–	–300	–	–	–300	–	–300
As of 30 Jun 2018	**1,213**	**313**	**1,128**	**297**	**236**	**327**	**1,988**	**5,047**	**713**	**9,274**	**100**	**9,374**
As of 31 Dec 2018	**1,217**	**343**	**237**	**388**	**236**	**324**	**1,185**	**4,555**	**2,163**	**9,463**	**110**	**9,573**
Restatement IFRIC 23	–	–	–	–	–	–	–	33	–	33	–	33
As of 1 Jan 2019	**1,217**	**343**	**237**	**388**	**236**	**324**	**1,185**	**4,588**	**2,163**	**9,496**	**110**	**9,606**
Capital increases/reductions	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–9	–	–	–	–9	1,792	–1,783	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–380	–380	–24	–404
Transactions with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/loss attributable to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	–116	–116	15	–101
Other expenses and income recognised directly in equity	–	–	614	44	–	15	673	–466	–	207	–1	206
Hedging results reclassified from non-financial assets to acquisition costs	–	–	–141	–	–	–	–141	–	–	–141	–	–141
As of 30 Jun 2019	**1,217**	**343**	**701**	**432**	**236**	**339**	**1,708**	**5,914**	**–116**	**9,066**	**100**	**9,166**

Consolidated cash flow statement
January – June 2019

CONSOLIDATED CASH FLOW STATEMENT

in €m	Jan – Jun 2019	Jan – Jun 2018[1]	Apr – Jun 2019	Apr – Jun 2018[1]
Cash and cash equivalents 1 Jan	**1,434**	**1,218**	**1,240**	**1,401**
Net profit/loss before income taxes	112	999	524	1,013
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,304	1,066	657	535
Depreciation, amortisation and impairment losses on current assets (net of reversals)	44	11	22	-5
Net proceeds on disposal of non-current assets	14	-2	-4	1
Result of equity investments	-88	-43	-83	-40
Net interest	228	85	184	44
Income tax payments/reimbursements	-560	-92	-183	-47
Significant non-cash-relevant expenses/income	9	-111	10	-125
Change in trade working capital	1,452	1,610	-29	220
Change in other assets/shareholders' equity and liabilities	-122	-290	-263	-100
Cash flow from operating activities	**2,393**	**3,233**	**835**	**1,496**
Capital expenditure for property, plant and equipment and intangible assets	-1,888	-2,128	-659	-1,308
Capital expenditure for financial investments	-16	-14	-9	-8
Additions/loss to repairable spare parts for aircraft	-211	-198	-131	-51
Proceeds from disposal of non-consolidated equity investments	–	1	–	–
Proceeds from disposal of consolidated equity investments	3	–	3	–
Cash outflows for acquisitions of non-consolidated equity investments	-49	-17	-24	-10
Cash outflows for acquisitions of consolidated equity investments	–	-12	–	–
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	60	56	24	37
Interest income	38	29	23	16
Dividends received	121	27	110	15
Net cash from/used in investing activities	**-1,942**	**-2,256**	**-663**	**-1,309**
Purchase of securities/fund investments	-1,567	-2,142	-1,124	-1,305
Disposal of securities/fund investments	809	1,831	709	1,491
Net cash from/used in investing and cash management activities	**-2,700**	**-2,567**	**-1,078**	**-1,123**
Capital increase	–	–	–	–
Transactions by minority interests	–	–	–	–
Non-current borrowing	2,432	100	1,690	25
Repayment of non-current borrowing	-2,112	-320	-1,265	-184
Dividends paid	-404	-342	-387	-329
Interest paid	-43	-29	-29	-5
Net cash from/used in financing activities	**-127**	**-591**	**9**	**-493**
Net increase/decrease in cash and cash equivalents	**-434**	**75**	**-234**	**-120**
Changes due to currency translation differences	–	-7	-6	5
Cash and cash equivalents 30 Jun[2]	**1,000**	**1,286**	**1,000**	**1,286**
Securities	2,406	2,570	2,406	2,570
Liquidity	**3,406**	**3,856**	**3,406**	**3,856**
Net increase/decrease in liquidity	237	87	88	-616

[1] Previous year's figures have been adjusted; information on the change in accounting for engine overhaul events can be found in the ↗ **Annual Report 2018, p. 114/115.**
[2] The difference between the bank balances and cash-in-hand shown in the statement of financial position comes from fixed-term deposits of EUR 2m with terms of four to twelve months (previous year: EUR 248m).

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) as applicable in the European Union (EU) taking account of interpretations by the IFRS Interpretations Committee (IFRIC). This interim report as of 30 June 2019 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 2019 have been applied. The interim financial statements as of 30 June 2019 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2018 were based. The standards and interpretations mandatory from 1 January 2019 onwards, particularly IFRS 16, Leases, and IFRS 23, Uncertainty over Income Tax Treatments, had the following effects on the Group's net assets, financial and earnings position.

IFRS 16

The new provisions of IFRS 16 require lessees to recognise a lease liability and a right-of-use asset for the payment obligations resulting from their lease agreements. IFRS 16 was initially applied using the modified retrospective approach, in accordance with the transitional provisions of IFRS 16. The comparative figures for the financial year 2018 were therefore not adjusted.

As of 1 January 2019, payment obligations from contracts previously classified as operating leases are discounted using the incremental borrowing rate and recognised as lease liabilities. The discount rate is generally calculated using incremental borrowing rates for the specific lease terms and currencies, unless the implicit interest rate on which the lease payments are based is available. All lease payments are divided into redemption payments and interest expenses. The interest expense is recognised in profit or loss over the term of the lease. The right-of-use asset is depreciated over the lease term or the useful life of the leased item, whichever is shorter.

The right-of-use asset corresponds at initial application to the lease liability, adjusted for any prepaid lease instalments. Initial direct costs are not included in the measurement of the right-of-use asset when the standard is applied for the first time. For the initial application of IFRS 16 hindsight was used. The Lufthansa Group has decided not to apply IFRS 16 to intangible assets and to account for individual leases ending in 2019, in accordance with the practical expedients for short-term leases. Payments under leases with a term of no more than twelve months beginning after 31 December 2018, and leases in which the leased asset is of low value, will be recognised in profit or loss at the payment date in line with this option. For contracts that include non-lease components alongside lease components, these components are separated. At the time of the transition, the Lufthansa Group had no provisions for onerous leases.

At the transition date to IFRS 16, right-of-use assets of EUR 2.0bn and lease liabilities of the same amount were recognised on 1 January 2019. The operating leases as of 31 December 2018 were reconciled with the opening amount of the lease liability in the statement of financial position as of 1 January 2019 as follows:

RECONCILIATION LEASE LIABILITIES

in €m	2019
Obligations from contracts classified as operating leases as of 31 December 2018[1]	2,739
Short-term leases	10
Leases on assets of low value	338
Concluded contracts with right-of-use assets not yet acquired	126
Other	18
Discounting with incremental borrowing rate at the first application of IFRS 16	289
Lease liabilities newly accounted due to IFRS 16 as of 1 January 2019	**1,958**
Existing finance lease liabilities as of 31 December 2018	596
Total lease liabilities	**2,554**

[1] Adjusted value.

The weighted average incremental borrowing rate used to calculate the lease liabilities as of 1 January 2019 was 1.95%. Reference interest rates based on congruent, risk-free rates in major countries and currencies were used to calculate the incremental borrowing rate. A credit risk premium was added to the respective reference rates.

The right-of-use asset is presented under the same item of property, plant and equipment as would have been used if the underlying asset had been purchased. The right-of-use assets recognised relate to the following types of assets:

RIGHT OF USES AND LEASE LIABILITIES

in €m	30 Jun 2019	1 Jan 2019
Aircraft and reserve engines		
Right-of-use assets – aircraft and reserve engines	422	401
Right-of-use assets – from former finance leases according to IAS 17	521	579
Property, plant and other equipment		
Right-of-use assets – land and property	1,849	1,531
Right-of-use assets – technical equipment	–	–
Right-of-use assets – other equipment, operating and office equipment	21	19
Right-of-use assets – from former finance leases according to IAS 17	93	93
Total right-of-use assets	**2,906**	**2,623**
of which first-time application due to IFRS 16	**2,292**	**1,951**
Non-current borrowings		
Lease liabilities newly accounted due to IFRS 16	1,907	1,599
Existing lease liabilities from finance leases	460	497
Current borrowings		
Lease liabilities newly accounted due to IFRS 16	401	359
Existing lease liabilities from finance leases	91	99
Total lease liabilities	**2,859**	**2,554**
of which first-time application due to IFRS 16	**2,308**	**1,958**

In terms of property, the Group mainly leases airport infrastructure, including lounges, offices and hangars, as well as other office buildings, production facilities and warehouse space. In addition, the Group uses aircraft, vehicles and other operating and office equipment on the basis of leases.

The additional right-of-use assets recognised in line with IFRS 16 led to additional depreciation of EUR 191m and additional interest expenses of EUR 25m, due to the accrued interest on lease liabilities for the leases classified as operating leases until 2018. Foreign currency measurement for the lease liabilities resulted in expenses of EUR 2m in the financial result. The first-time application of IFRS 16 and the ensuing absence of lease expenses caused the cost of materials and services to fall by EUR 79m and other operating expenses by EUR 128m.

In addition, the change in the presentation of the expenses related to operating leases resulted in a shift of EUR 207m between cash flow from financing activities and cash flow from operating activities as the lease payments no longer affect the operating cash flow and are instead recognised as interest and redemption payments within cash flow from financing activities, to the extent that they are not payments under short-term or low-value leases.

The definition of free cash flow was adjusted following the application of IFRS 16. The new figure Adjusted Free Cash Flow consists of free cash flow adjusted for the effects of IFRS 16. This reduced the figure by EUR 182m in the reporting period.

First-time application of IFRS 16 meant that earnings per share for the period from 1 January 2019 to 30 June 2019 fell by EUR 0.02 per share.

IFRIC 23

IFRIC 23 is applicable for financial years beginning on or after 1 January 2019.

In the past, the Lufthansa Group has only recognised claims against tax authorities when a cash inflow was considered to be virtually certain. Following the transition to IFRIC 23, the claims will be recognised as soon as the cash inflow is deemed to be probable. IFRIC 23 was applied using the modified retrospective approach without adjusting the figures for prior-year periods. The transition resulted in an increase in effective income tax receivables of EUR 33m, now recognised in retained earnings.

2 Notes to the income statement, statement of financial position, cash flow statement and segment reporting

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	2019	Europe[1]	North America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
Network Airlines	10,424	6,697	1,976	235	1,104	265	147
Lufthansa German Airlines	7,142						
SWISS[2]	2,380						
Austrian Airlines	902						
Eurowings[2]	1,900	1,706	95	3	25	12	59
Logistics	1,158	580	133	48	343	15	39
Total	**13,482**						

[1] Traffic revenue is allocated according to the original location of sale.
[2] Disclosure of traffic revenue, including belly revenue; this is reported in the segment reporting in the reconciliation column.

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	2018	Europe[1]	North America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
Network Airlines	10,013	6,659	1,695	271	1,021	247	120
Lufthansa German Airlines	6,866						
SWISS[2]	2,241						
Austrian Airlines	906						
Eurowings[2]	1,920	1,731	75	4	27	13	70
Logistics	1,223	643	125	51	367	12	25
Total	**13,156**						

[1] Traffic revenue is allocated according to the original location of sale.
[2] Disclosure of traffic revenue, including belly revenue; this is reported in the segment reporting in the reconciliation column.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	2019	Europe[1]	North America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
MRO	2,146	969	528	150	369	91	39
MRO services	1,835						
Other operating revenue	311						
Catering	1,260	228	662	75	227	35	33
Catering services	1,064						
Revenue from in-flight sales	79						
Other services	117						
Network Airlines	298	241	20	2	24	5	6
Eurowings	6	5	1	–	–	–	–
Logistics	57	34	20	–	–	3	–
Additional Businesses and Group Functions	274	199	25	6	33	8	3
IT services	89						
Travel management	141						
Other	44						
Total	**4,041**						

[1] Traffic revenue is allocated according to the original location of sale.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	2018	Europe[1]	North America[1]	Central and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
MRO[2]	1,913	855	409	78	387	64	120
MRO services	1,673						
Other operating revenue	240						
Catering	1,217	233	593	81	266	26	18
Catering services	1,039						
Revenue from in-flight sales	67						
Other services	111						
Network Airlines	314	251	25	3	27	4	4
Eurowings	15	11	1	–	–	–	3
Logistics	61	35	23	–	–	3	–
Additional Businesses and Group Functions	262	196	20	4	31	8	3
IT services[2]	84						
Travel management	138						
Other	40						
Total	**3,782**						

[1] Traffic revenue is allocated according to the original location of sale.
[2] Adjustment due to changed classification of three Lufthansa Systems companies.

ASSETS HELD FOR SALE

in €m	30 Jun 2019	31 Dec 2018	30 Jun 2018
Assets			
Aircraft and reserve engines	14	7	–
Financial assets	7	–	–
Other assets	2	2	5

The Executive Board of Deutsche Lufthansa AG has decided to examine the options for disposing of the catering activities. A project has been started to evaluate the sale as a whole or in separate parts and to negotiate the sale and a follow-on catering contract with potential buyers. It is not sufficiently probable that the transaction to dispose of the catering activities will be completed in full within the next twelve months, partly because it is highly complex, so the conditions for the application of IFRS 5 were not met as of 30 June 2019.

3 Seasonality

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

4 Contingencies and events after the reporting period

CONTINGENT LIABILITIES

in €m	30 Jun 2019	31 Dec 2018
From guarantees, bills of exchange and cheque guarantees	1,009	988
From warranty contracts	283	218
From providing collateral for third-party liabilities	48	45
	1,340	**1,251**

Provisions for other contingent liabilities were not made because it was not sufficiently probable that they would be necessary. The potential financial effect of these provisions on the result would have been EUR 56m in total (as of 31 December 2018: EUR 55m).

A tax risk described in the consolidated financial statements as of 31 December 2018 materialised in the first half-year, so provisions of EUR 340m were made accordingly. As of 30 June 2019, the tax risks for which no provisions had been recognised came to some EUR 200m (as of 31 December 2018: EUR 500m).

At the end of June 2019, there were order commitments of EUR 17.4bn for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. As of 31 December 2018, the order commitments came to EUR 13.8bn.

5 Financial instruments and financial liabilities

FINANCIAL INSTRUMENTS

The following tables show financial assets and liabilities held at fair value by level in the 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.

As of 30 June 2019 the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 30 JUN 2019

in €m	Level 1	Level 2	Level 3	**Total**
Financial assets at fair value through profit and loss	**360**	**424**	**–**	**784**
Financial derivatives classified as held for trading	–	22	–	22
Securities	360	402	–	762
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,480**	**–**	**1,480**
Financial assets at fair value through other comprehensive income	**–**	**1,664**	**–**	**1,664**
Equity instruments	–	20	–	20
Debt instruments	–	1,644	–	1,644
Total assets	**360**	**3,568**	**–**	**3,928**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 30 JUN 2019

in €m	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments at fair value through profit or loss	–	-81	–	-81
Derivative financial instruments which are an effective part of a hedging relationship	–	-241	–	-241
Total liabilities	**–**	**-322**	**–**	**-322**

As of 31 December 2018, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 31 DEC 2018

in €m	Level 1	Level 2	Level 3	**Total**
Financial assets at fair value through profit and loss	**278**	**29**	**–**	**307**
Financial derivatives classified as held for trading	–	27	–	27
Securities	278	2	–	280
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,158**	**–**	**1,158**
Financial assets at fair value through other comprehensive income	**15**	**1,470**	**–**	**1,485**
Equity instruments	15	15	–	30
Debt instruments	–	1,455	–	1,455
Total assets	**293**	**2,657**	**–**	**2,950**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31 DEC 2018

in €m	Level 1	Level 2	Level 3	**Total**
Derivative financial instruments at fair value through profit or loss	–	-29	–	-29
Derivative financial instruments which are an effective part of a hedging relationship	–	-586	–	-586
Total liabilities	**–**	**-615**	**–**	**-615**

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 reporting 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 also 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, 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 reporting date based on available market information (Bloomberg).

FINANCIAL LIABILITIES

	30 Jun 2019		31 Dec 2018	
in €m	Carrying amount	Market value	Carrying amount	Market value
Bonds	1,008	1,038	1,007	1,026
Liabilities to banks	2,053	1,998	1,957	1,984
Leasing liabilities[1)]	2,860	–	596	581
Other liabilities	3,690	3,637	3,125	3,083
Total	**9,611**	**6,673**	**6,685**	**6,674**

[1)] Disclosure of market value is not required starting with introduction of IFRS 16.

6 Earnings per share

		30 Jun 2019	30 Jun 2018
Basic/diluted earnings per share	**€**	**– 0.24**	**1.51**
Consolidated net profit/loss	€m	– 116	713
Weighted average number of shares		475,210,712	471,565,559

7 Issued capital

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 450,000,000 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.

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 30,000,000 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 held on 7 May 2019 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 Stock Corporation Act (AktG) to purchase treasury shares until 6 May 2024. The authorisation is limited to 10% of current issued capital. According to the resolution of the Annual General Meeting held on 7 May 2019, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

Following a resolution of the Annual General Meeting held on 7 May 2019, the distributable profit of EUR 380m shown in the 2018 financial statements was paid out as dividends. This corresponds to a dividend of EUR 0.80 per share for the financial year 2018.

8 Pension obligations

The further reduction in market interest rates meant that the discount rates used to measure pension obligations went down again. The discount rate used to calculate obligations in Germany was 1.6%. As of 31 December 2018, the rate was 2.0%. A discount rate of 0.45% was used for the pension obligations in Switzerland (31 December 2018: 1.1%).

9 Segment reporting

Segmentation has been changed compared with the financial statements as of 31 December 2018. Part of the Lufthansa Systems group is managed by the Lufthansa Technik group as of financial year 2019 and so has been allocated to the MRO segment. The figures for the previous year have been adjusted accordingly.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS January – June 2019

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation	**Group**
External revenue	10,722	1,906	1,215	2,146	1,260	17,249	274	–	17,523
of which traffic revenue	10,197	1,896	1,158	–	–	13,251	–	231	13,482
Inter-segment revenue	338	36	23	1,274	360	2,031	124	-2,155	–
Total revenue	**11,060**	**1,942**	**1,238**	**3,420**	**1,620**	**19,280**	**398**	**-2,155**	**17,523**
Other operating income	347	136	39	103	30	655	886	-465	1,076
Operating income	**11,407**	**2,078**	**1,277**	**3,523**	**1,650**	**19,935**	**1,284**	**-2,620**	**18,599**
Operating expenses	**10,869**	**2,332**	**1,286**	**3,318**	**1,628**	**19,433**	**1,426**	**-2,590**	**18,269**
of which cost of materials	6,257	1,514	872	1,938	692	11,273	139	-1,674	9,738
of which staff costs	2,096	314	207	838	637	4,092	430	-4	4,518
of which depreciation and amortisation	813	236	76	99	57	1,281	52	-15	1,318
of which other operating expenses	1,703	268	131	443	242	2,787	805	-897	2,695
Results of equity investments	**27**	**-19**	**24**	**38**	**11**	**81**	**7**	**–**	**88**
of which result of investments accounted for using the equity method	16	-19	9	33	11	50	–	1	51
Adjusted EBIT[1]	**565**	**-273**	**15**	**243**	**33**	**583**	**-135**	**-30**	**418**
Reconciliation items	**-1**	**-1**	**-6**	**–**	**–**	**-8**	**9**	**-2**	**-1**
Impairment losses/gains	20	–	-10	–	1	11	6	-2	15
Effects from pension provisions	-1	–	–	–	-1	-2	–	–	-2
Results of disposal of assets	-20	-1	4	–	–	-17	3	–	-14
EBIT	**564**	**-274**	**9**	**243**	**33**	**575**	**-126**	**-32**	**417**
Other financial result									-305
Profit/loss before income taxes									112
Capital employed[2]	10,110	2,248	2,100	5,581	1,557	21,596	1,929	-207	23,318
of which from investments accounted for using the equity method	43	130	61	306	150	690	6	-37	659
Segment capital expenditure	1,479	75	169	164	45	1,932	30	-9	1,953
of which from investments accounted for using the equity method	–	–	–	36	–	36	–	–	36
Number of employees at end of period	52,238	9,060	4,557	25,548	36,278	127,681	9,958	–	137,639

[1] For detailed reconciliation from Adjusted EBIT to EBIT ↗ **table reconciliation of results, p. 5,** in the interim management report.
[2] 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).

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS January – June 2018[1]

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Recon-ciliation	**Group**
External revenue	10,326	1,935	1,285	1,913	1,217	16,676	262	–	16,938
of which traffic revenue	9,774	1,873	1,223	–	–	12,870	–	286	13,156
Inter-segment revenue	342	–	16	1,033	335	1,726	130	–1,856	–
Total revenue	**10,668**	**1,935**	**1,301**	**2,946**	**1,552**	**18,402**	**392**	**–1,856**	**16,938**
Other operating income	338	127	18	123	31	637	878	–437	1,078
Operating income	**11,006**	**2,062**	**1,319**	**3,069**	**1,583**	**19,039**	**1,270**	**–2,293**	**18,016**
Operating expenses	**10,032**	**2,268**	**1,210**	**2,849**	**1,552**	**17,911**	**1,366**	**–2,270**	**17,007**
of which cost of materials	5,542	1,482	828	1,615	657	10,124	115	–1,474	8,765
of which staff costs	2,029	304	210	768	588	3,899	443	–4	4,338
of which depreciation and amortisation	740	179	50	60	30	1,059	25	–17	1,067
of which other operating expenses	1,721	303	122	406	277	2,829	783	–775	2,837
Results of equity investments	**15**	**–14**	**18**	**7**	**9**	**35**	**8**	**–**	**43**
of which result of investments accounted for using the equity method	14	–14	16	3	9	28	–	1	29
Adjusted EBIT[2]	**989**	**–220**	**127**	**227**	**40**	**1,163**	**–88**	**–23**	**1,052**
Reconciliation items	**3**	**–**	**–1**	**2**	**–**	**4**	**–1**	**–1**	**2**
Impairment losses/gains	–	–	–1	2	–	1	–1	1	1
Effects from pension provisions	–	–	–	–	–	–	–	–1	–1
Results of disposal of assets	3	–	–	–	–	3	–	–1	2
EBIT	**992**	**–220**	**126**	**229**	**40**	**1,167**	**–89**	**–24**	**1,054**
Other financial result									–55
Profit/loss before income taxes									999
Capital employed[3]	8,160	2,001	1,321	4,490	1,285	17,257	2,726	–226	19,757
of which from investments accounted for using the equity method	65	108	43	259	136	611	6	–22	595
Segment capital expenditure	1,488	351	166	108	24	2,137	20	14	2,171
of which from investments accounted for using the equity method	–	–	–	16	–	16	–	–	16
Number of employees at end of period	51,381	9,357	4,316	22,209	35,937	123,200	11,199	–	134,399

[1] Figures have been adjusted.
[2] For detailed reconciliation from Adjusted EBIT to EBIT ↗ **table reconciliation of results, p. 5,** in the interim management report.
[3] 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).

EXTERNAL REVENUE BY REGION January – June 2019

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/Pacific	Middle East	Africa	**Total**
Traffic revenue[1]	8,983	4,221	2,204	1,980	286	1,472	292	245	13,482
Other operating revenue	1,676	511	1,256	1,048	233	653	142	81	4,041
Total revenue	**10,659**	**4,732**	**3,460**	**3,028**	**519**	**2,125**	**434**	**326**	**17,523**

[1] Allocated according to the original location of sale.

EXTERNAL REVENUE BY REGION January – June 2018

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/Pacific	Middle East	Africa	**Total**
Traffic revenue[1]	9,034	4,221	1,895	1,706	326	1,414	271	216	13,156
Other operating revenue	1,581	507	1,071	905	166	711	105	148	3,782
Total revenue	**10,615**	**4,728**	**2,966**	**2,611**	**492**	**2,125**	**376**	**364**	**16,938**

[1] Allocated according to the original location of sale.

10 Related party disclosures

As stated in the consolidated financial statements 2018 in ↗ **Note 49 (Annual Report 2018, p. 181ff.)** the 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 reporting date. The contractual relationships with the group of related parties described in the ↗ **Remuneration report 2018 (Annual Report 2018, p. 84ff.)** and in the consolidated financial statements 2018 in ↗ **Note 50 (Annual report 2018, p. 184)** also still exist unchanged, but are not of material significance for the Group.

11 Published standards that have not yet been applied

Amendments published by the IASB for financial years beginning after 1 January 2019 currently have no effect on the presentation of the net assets, financial and earnings position. Further information on the amendments are shown in the consolidated financial statements 2018 in ↗ **Note 2 "New international accounting standards in accordance with IFRS and interpretations" (Annual Report 2018, p. 106ff.).**

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, 25 July 2019
The Executive Board

Carsten Spohr
Chairman of the Executive Board
and CEO

Thorsten Dirks
Member of the Executive Board
Eurowings

Harry Hohmeister
Member of the Executive Board
Chief Commercial Officer
Network Airlines

Detlef Kayser
Member of the Executive Board
Airline Resources &
Operations Standards

Ulrik Svensson
Member of the Executive Board
Chief Financial Officer

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

Review report

To Deutsche Lufthansa AG, Cologne

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Lufthansa AG, Cologne, for the period from January 1 to June 30, 2019 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the Condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Dusseldorf, 25 July 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven Wirtschaftsprüferin (German Public Auditor)	Eckhard Sprinkmeier Wirtschaftsprüfer (German Public Auditor)

Credits

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The Lufthansa 2nd Interim Report is a translation of the original German Lufthansa Zwischenbericht 2/2019. Please note that only the German version is legally binding.

The latest financial information on the internet:
www.lufthansagroup.com/investor-relations

Striving for excellence – We aim to be the number one for our customers, shareholders and employees. Our airlines are consistently positioned in the premium segment. Please find out what premium means for the Lufthansa Group in our online Annual Report:
www.lufthansagroup.com/ar

Financial calendar 2019/2020

2019

7 Nov	Release of Interim Report January – September 2019

2020

19 Mar	Release of Annual Report 2019
30 Apr	Release of Interim Report January – March 2020
6 Aug	Release of Interim Report January – June 2020
28 Oct	Release of Interim Report January – September 2020

Note
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.