



Lufthansa Technik

Annual Report 2021

Excellence in Motion



KEY FIGURES

Lufthansa Technik
Group at a glance

Revenue in €m

4,003

2021

3,747

2020

(all figures in €m)

	2021	2020
Revenue	4,003	3,747
Adjusted EBIT	210	-383
EBT	134	-539
Capital expenditure	95	152
Depreciation and amortisation	-174	-197
Balance sheet total	6,512	7,510
Employees as of 31 Dec	20,569	22,745
Staff costs	-1,233	-1,113

**FOREWORD
FROM THE
EXECUTIVE
BOARD**



Dr. Johannes Bussmann
Chairman of the Executive
Board
CEO & Human Resources

Dr. William Willms
Member of the Executive
Board
CFO, Corporate Services & IT

Soeren Stark
Member of the Executive
Board
COO & Logistics

Dear Ladies and Gentlemen,

The aviation year 2021 was again dominated by the coronavirus pandemic. In terms of medicine and economics, the impact has been under better control, but travel restrictions, cancellation of events, strict rules of conduct, and general uncertainty have once again placed an extreme burden on international air travel. Overall, passenger numbers recovered only slightly and were more than 60% below 2019 levels worldwide.

Despite these extremely adverse conditions, we made major steps in overcoming the crisis in 2021: as part of the RISE future program launched the previous year, we have reorganized our company and to a large extent made it more efficient. This also included structural changes to the company in areas where the need for change had become particularly apparent as a result of the crisis.

Some of these changes were massive, such as the sale of the overhaul site in Shannon, Ireland, and the temporary closure of the XEOS engine joint venture in Wrocław, Poland. Above all, the painful but necessary closure or downsizing of several maintenance stations has cut deep into the core of Lufthansa Technik's identity.

Today, we are an improved, more efficient, and more powerful company than we were before the crisis. And although our revenue still amounts to around 40% below the precrisis level despite a year-on-year increase, we have once again generated profit – thanks in part to options such as short-time working in Germany and comparable support at other sites around the world.

Although the coronavirus pandemic has marked our year, it is clear that in the long run, manmade global warming is a far bigger challenge. For this reason, we have been offering our proprietary Cyclean® engine washing for emissions reduction for years and have successfully tested the AeroSHARK aircraft coating for imminent market launch to offer customers a way to reduce CO₂ emissions. And before the end of the year,

we will be launching into hydrogen technology on the basis of a research project in Hamburg to test and help shape the entire ground and service processes for a future hydrogen aircraft.

Another defining issue for the future is still digitalization of technical fleet operations. Our customers' interest in this is unbroken, and many new users have opted for our digital platform AVIATAR. New offerings such as the Technical Log Book and the continuous progress in the deployment of aircraft data transmitted in real time have secured our leading position in digital platforms in our industry – as the only manufacturer-independent provider.

All this shows that 2021 was a year full of opportunities and successes in the market. Our numerous new customers and contracts around the world confirm that we are developing Lufthansa Technik in the right direction. That is why, despite the considerable and long-term consequences of the coronavirus crisis, we are confident that we will soon not only regain our old greatness but above all achieve new strength.

However, the war against Ukraine that began in February 2022 has shown us how fragile peace in the world is, and how quickly an order that was thought to be secure can change fundamentally. We very much hope that the war and the suffering of the people there will come to a swift end.

We would like to thank our customers for the trust they have placed in us and for their cooperation, which was taken to a new level over the past two years. And we would especially like to thank our employees for their particular commitment and willingness to embrace change.

Hamburg, February 2022.

LUFTHANSA TECHNIK AT A GLANCE

We are the leading provider of aircraft maintenance, repair, overhaul and modification services for civil aircraft, from commercial to VIP and special mission aircraft. As the holder of international licenses for maintenance, design and production, we provide tailored maintenance programs, modifications, completions and conversions as well as innovative cabin products, material pooling and engine services, all seamlessly integrating with our digital fleet services offerings.

We are certified around the globe as a maintenance (Part 145), design (Part 21/J) and production (Part 21/G) organization.

MAINTENANCE Lufthansa Technik has been approved as a maintenance organization by the authorities of the EU and more than 40 other countries.

DESIGN Holding Design Organisation Approvals (DOA) allows Lufthansa Technik to perform, for example, modifications or repairs on aircraft for which Lufthansa Technik does not hold a type certificate.

PRODUCT As holder of production approvals, Lufthansa Technik is authorized to manufacture components for aircraft.



MAINTAIN

Whether a flag carrier, a lessor or a low-cost airline, whether operating an Airbus, a Boeing or a regional aircraft fleet – we are a single source for all aspects of maintaining an aircraft. We are a partner with a unique position at the heart of technical operations for fleets of every size and composition, all over the world. Our aircraft services are deeply embedded in our global network, giving you access to all our resources.

OPTIMIZE

Our unrivalled operational experience ensures maximum aircraft reliability for fleets. Working and cooperating with aircraft and component manufacturers on the level of their expertise, our experts offer engineering services for all common aircraft types. Lufthansa Technik is also an Original Equipment Manufacturer and modifies fleets from nose to tail to stay competitive and meet all operational and safety requirements.

DIGITALIZE

Lufthansa Technik is shaping the future of aviation by combining the driving forces of technology, data, and people. We offer manufacturer-independent technical services for a broad range of fleets. AVIATAR provides an overall platform for the aviation industry, bringing together various solutions in one place and offering digital products and services for airlines, MROs, OEMs, and lease providers. While each individual solution already offers added value as a stand-alone version, it is the interplay of these applications that provides unique benefit for the user.

SPECIALIZE

Lufthansa Technik offers a unique service portfolio for private aircraft. All aspects from acquiring to operating a private jet are covered. These services makes Lufthansa Technik the partner of choice. Special mission aircraft like “SOFIA” give us the opportunity to fully exploit all dimensions of technological capabilities, creativity and craftsmanship. As a partner of governments and national armed forces, we ensure the unsurpassed operational readiness of the fleets supported.

LUFTHANSA TECHNIK GROUP

Operational development of Lufthansa Technik improves over the year.

Comprehensive restructuring measures were implemented.

Range of digital and sustainable products is being expanded.

Earnings up significantly on previous year.



Business activities

Lufthansa Technik is the world's leading MRO provider

Lufthansa Technik is the world's leading independent provider of maintenance, repair and overhaul services (MRO) for civilian commercial aircraft. The Lufthansa Technik group comprises 35 plants offering technical aviation services worldwide. The company also holds direct and indirect stakes in 61 companies. Lufthansa Technik AG serves more than 800 customers worldwide, including OEMs, aircraft leasing companies and operators of VIP jets, as well as airlines. Around 80% of the business relates to external customers.

Course of business and operating performance

MRO business recovers significantly in the reporting year

Lufthansa Technik benefited from the increasing recovery in passenger traffic during the 2021 financial year. Flying hours and capacity utilisation improved as of the end of the year to around 80% of the level before the crisis.

Ongoing cost saving measures should secure future activity

To dampen the impact of the coronavirus crisis, the cost-cutting measures started in the previous year were continued consistently in the reporting year. Specifically, these include a very restrictive spending management, the postponement of investment projects and HR measures like the continuing of short-term working.

A voluntary programme to reduce jobs was also implemented. In order to offer socially acceptable solutions, partial retirement, dissolution contracts and moving to a transfer company

were offered. By the end of the reporting year, around 1,400 employees in Germany had accepted these offers.

Restructuring at Lufthansa Technik

To secure a stronger position for the long term in the independent MRO market and achieve improved competitiveness, comprehensive restructuring has been undertaken and the strategic profile has been tightened.

Accordingly, a firmer organisational structure was introduced to Lufthansa Technik as of 1 July 2021. This structure is divided into three classical MRO areas (Engine Services, Aircraft Component Services, Aircraft Maintenance Services) and two future fields (Digital Fleet Services and Original Equipment & Special Aircraft Services). The portfolio covers a variety of differently structured products and product combinations, from the repair of individual components to consultancy services as well as the fully integrated and digital supply of entire fleets.

In connection with the restructuring of the line maintenance activities, six stations in Germany were closed. This resulted in the loss of around 700 jobs without compulsory redundancies. To further adjust the portfolio, sales of the base maintenance company, Lufthansa Technik Shannon Limited in Ireland, and the two line maintenance companies, Lufthansa Technik Maintenance International GmbH in Frankfurt and Lufthansa Technik Brussels N.V. in Belgium, to external companies were agreed. The transfer is planned for the end of March 2022.

KEY FIGURES LUFTHANSA TECHNIK GROUP

		2021	2020	Change (%)
Revenue	€m	4,003	3,747	7
of which with companies of the Lufthansa Group	€m	886	1,023	-13
Total operating income	€m	4,408	4,184	5
Operating expenses	€m	-4,173	-4,502	-7
Adjusted EBITDA	€m	384	-186	-
Adjusted EBIT	€m	210	-383	-
EBIT	€m	163	-508	-
Adjusted EBIT margin	%	5.2	-10.2	+15.4 pts
Adjusted ROCE	%	4.2	-6.3	+10.5 pts
Capital expenditures	€m	95	152	-38
Employees as of 31 Dec	number	20,569	22,745	-10
Average number of employees	number	21,328	23,519	-9
Fully consolidated companies	number	25	25	-

Lufthansa Technik meets demand for crisis products and digital services

At the start of the coronavirus crisis, Lufthansa Technik not only moved the focus to partnership cooperation and jointly overcoming the crisis with its customers, but also responded flexibly to the changing market environment and expanded its offering accordingly. In the reporting year, Lufthansa Technik and Airbus were able to jointly offer customers a reversible cargo-in-cabin solution to increase the freight capacity and serve the strong demand.

The coronavirus pandemic has continued to result in greater demand for digital MRO services so that future physical maintenance inspections can be organised more cheaply and reliably. One Lufthansa Technik product is its proprietary independent AVIATAR platform. AVIATAR supports customers in real time with the management of complex fleet operations and helps to diagnose errors in individual components, thus supporting the digital transformation of air traffic. More companies joined the platform in the reporting year, including United Airlines, Sichuan Airlines, Etihad and TAP Portugal.

In addition, WIZZair was the first airline to use the technical logbook solution from AVIATAR, a digital and automated solution to record technical problems during flight operations. The data recorded is available in real time in the linked maintenance and engineering systems.

Lufthansa Industry Solutions, which specialises in artificial intelligence and data analytics and which is also part of Lufthansa Technik, was able to significantly increase its share of business with customers outside the Lufthansa Group over the past year.

Lufthansa Technik focusing on technologies for more sustainable flying

In addition to digital products, the focus is also on technologies to improve fuel efficiency and achieve sustainability targets. In one project, Lufthansa Technik and BASF are bringing the innovative AeroSHARK surface technology to standard production; this will be in use on the Lufthansa Cargo fleet from 2022. In collaboration with partners in Hamburg, Lufthansa Technik also started a project in 2021 for the early testing of MRO and ground processes for future climate-neutral hydrogen aircraft. A former Lufthansa Airbus A320 will be converted into a functional laboratory in 2022.

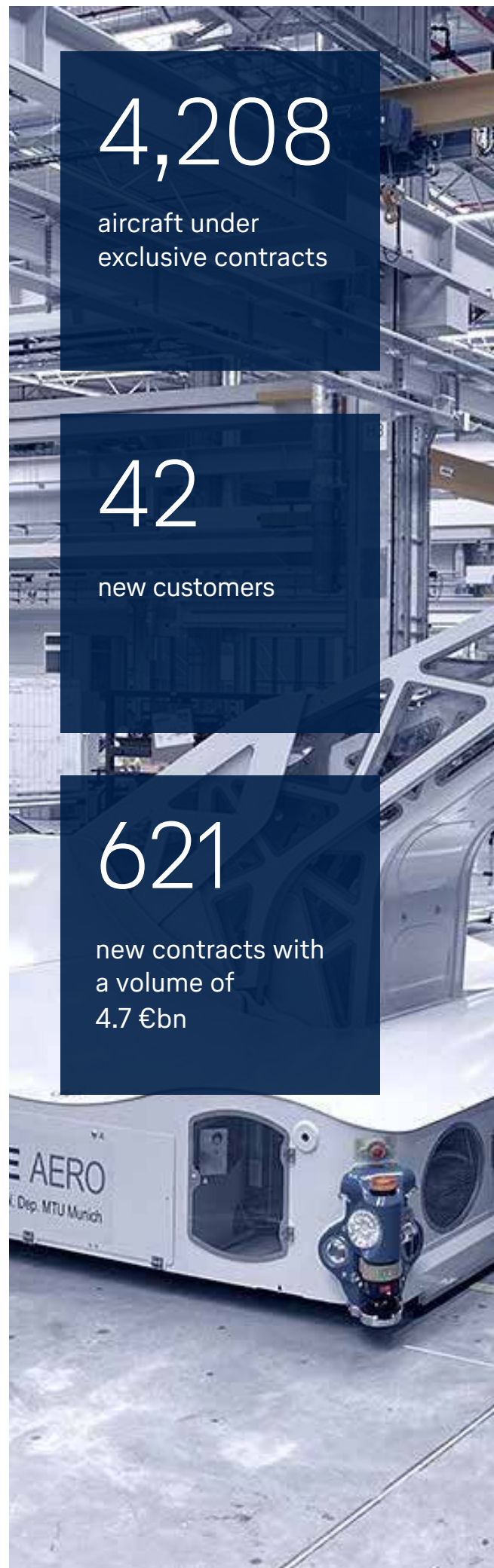
Important contracts to be renewed and signed

Lufthansa Technik serviced 4,208 aircraft under exclusive contracts in 2021. In the financial year, the company won 42 new customers and signed 621 contracts with a volume of EUR 4.7bn.

Personnel changes in the Executive Board of Lufthansa Technik

The Supervisory Board of Lufthansa Technik appointed William Willms as a member of the Executive Board for three years from 1 September 2021. William Willms is as CFO responsible for Finance, Corporate Services and IT.

Soeren Stark, currently Chief Operating Officer of Lufthansa Technik, will take over the position of Chairman of the Executive Board and CEO from Johannes Bussmann as of 1 July 2022, who is leaving the company at his own request after seven years in his current function and ten years on the Executive Board. This timely succession planning ensures continuity at the head of Lufthansa Technik.



4,208

aircraft under
exclusive contracts

42

new customers

621

new contracts with
a volume of
4.7 €bn



4,003

€m
Revenue

210

€m
Adjusted EBIT



Financial performance

Revenue up on previous year by 7%

The comparison of the key figures for the 2021 financial year against the previous-year period is influenced by the fact that the impact of the coronavirus crisis in the previous year only became evident during the month of March.

Nevertheless, revenue in the MRO segment rose in the financial year 2021 by 7% to EUR 4,003m (previous year: EUR 3,747m). In particular, a recovery in customer flying hours and ensuring long-term external customer contracts contributed to this.

Whereas revenue with companies of the Lufthansa Group, especially for Engine Services and Aircraft Maintenance Services, recorded lower volumes, external revenue rose, above all in Aircraft Component Services and Original Equipment & Special Aircraft Services. Operating income rose by 5% to EUR 4,408m (previous year: EUR 4,184m).

Expenses reduced by 7%

Operating expenses declined by 7% to EUR 4,173m in the reporting period as a result of lower volumes and cost-cutting measures (previous year: EUR 4,502m).

The cost of materials and services fell by 13%, mainly due to volumes, to EUR 2,075m (previous year: EUR 2,372m). In the previous year, EUR 158m in crisis-related write-downs on materials had a negative impact on earnings.

Staff costs of EUR 1,233m were up on the previous year by 11% (previous year: EUR 1,113m). Non-recurring restructuring expenses of EUR 151m and decreased use of short-term working over the course of the year were the main drivers of this development.

Depreciation and amortisation decreased by 12% to EUR 174m (previous year: EUR 197m).

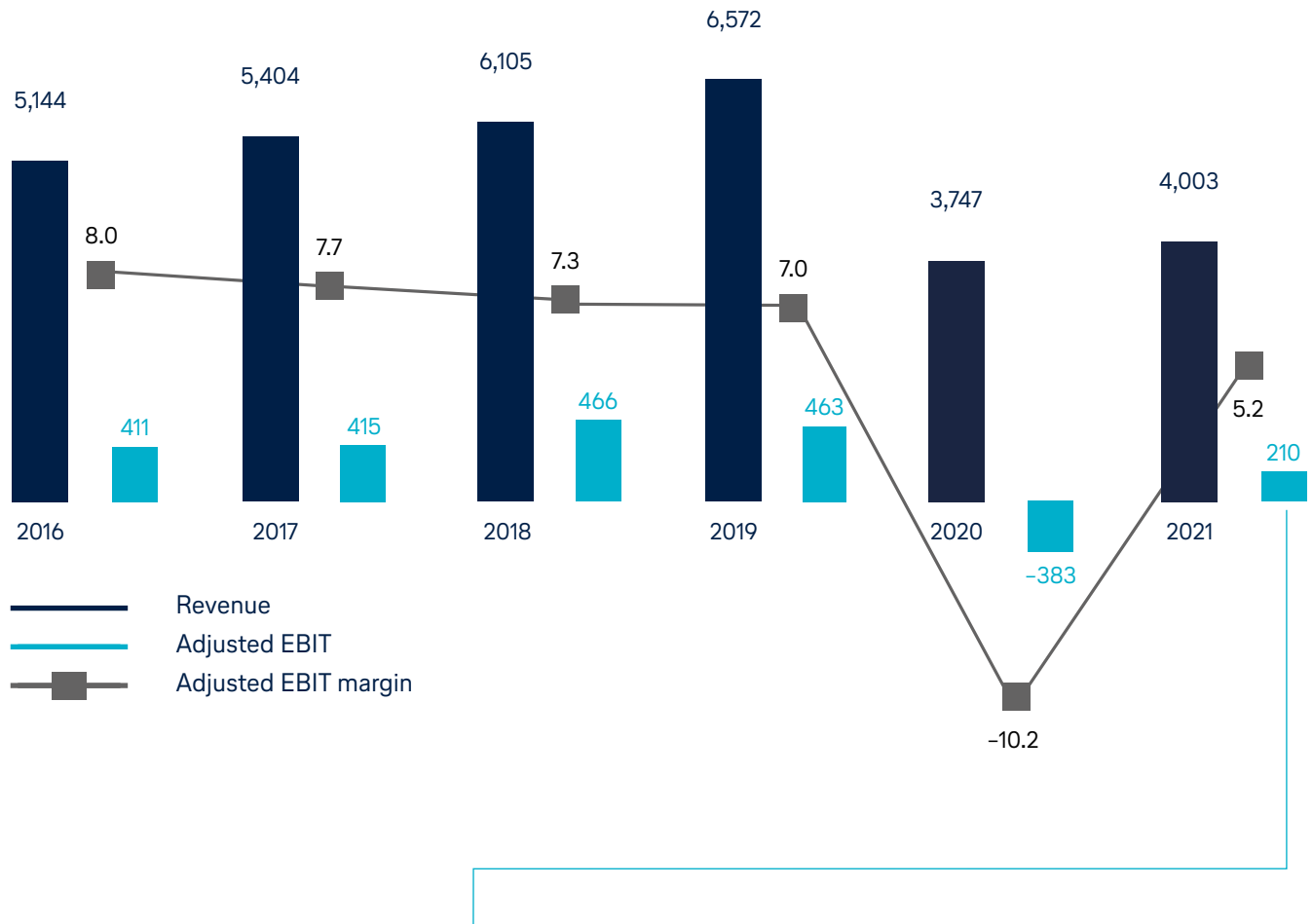
OPERATING EXPENSES	2021 in €m	2020 in €m	Change in %
Cost of materials and services	2,075	2,372	-13
of which raw materials, consumables and supplies	1,195	1,609	-26
of which external services	880	763	15
Staff costs ¹	1,233	1,113	11
Depreciation and amortisation ²	174	197	-12
Other operating expenses ³	691	820	-16
Total operating expenses	4,173	4,502	-7

¹ Without past service costs/settlement.

² Without impairment losses.

³ Without book losses.

DEVELOPMENT OF REVENUE, ADJUSTED EBIT in €m AND ADJUSTED EBIT MARGIN in %



210

€m
Adjusted EBIT 2021

5.2%

Adjusted EBIT
margin

Positive Adjusted EBIT totalling EUR 210m

Adjusted EBIT improved significantly to EUR 210m in spite of significant restructuring costs (previous year: EUR -383m). The Adjusted EBIT margin improved by 15.4 percentage points to 5.2% (previous year: -10.2%).

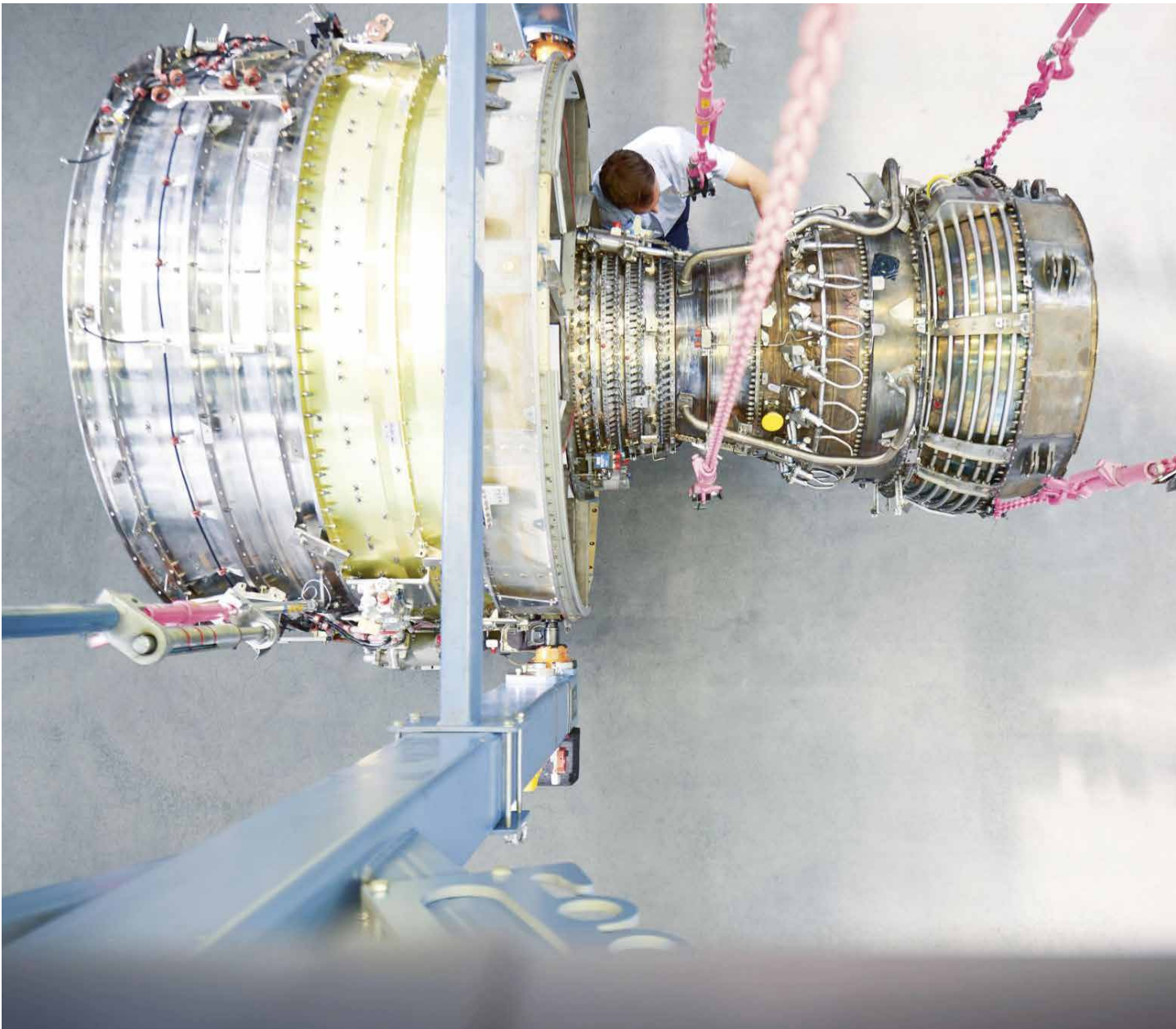
At the end of the reporting year, EBIT came to EUR 163m (previous year: EUR -508m). The difference to Adjusted EBIT mainly resulted from depreciation and amortisation in connection with assets classified as held for sale as part of the restructuring. The previous year's value was affected by write-downs on the carrying amounts of joint ventures and replacement engines.

Capital expenditure down by 38%

Capital expenditure in the MRO segment was reduced by 38% to EUR 95m (previous year: EUR 152m). This mainly resulted from the cancellation or postponement of investment projects. Capital expenditure mainly related to the purchase of reserve engines, financing joint ventures and other property, plant and equipment.

Staff numbers decline by 10%

The number of employees fell at the end of the year compared with the previous year by 10% to 20,569 (previous year: 22,745), driven in particular by the ongoing restructuring measures, fluctuation and a hiring freeze.



HOW WE ENGAGE AND INNOVATE FOR A SUSTAINABLE MRO INDUSTRY

Lufthansa Technik pursues sustainability
along three pillars:

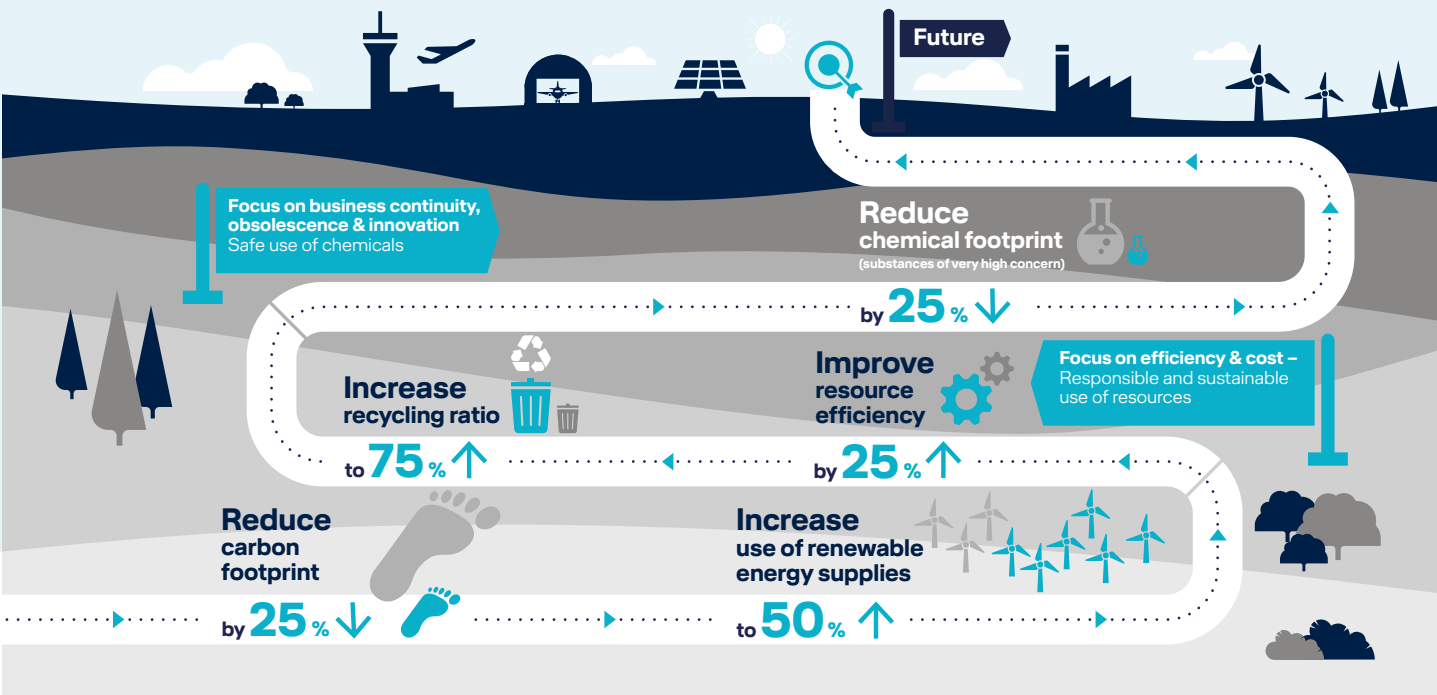
- 1** We operate one of the most efficient production networks in the aviation industry and constantly reduce our environmental footprint.
- 2** With innovative products, we moreover help our airline customers to reach their ambitious sustainability goals.
- 3** Our employees pursue social sustainability for our local communities.



We operate one of the most efficient production networks in the aviation industry and constantly reduce our environmental footprint.

Lufthansa Technik Group Environmental Target 2025

Safety and efficiency remain in focus for all sites



Efficient production network

In the aim to operate the safest and most efficient production network in the MRO industry, the responsible use of resources has always enjoyed a high priority across Lufthansa Technik's global production network. With that in mind and supported by an ISO 14001 certified global environmental management system, the company has committed to ambitious targets, strongly aligned to support the UN's Sustainable Development Goals (SDG) and other significant aspects. Consequently, the targets not only encompass common metrics like the CO₂ footprint or the percentage of renewable energy, they moreover include targets for the recycling ratio, the resource efficiency and the company's chemical footprint.

Reduced global energy consumption and focus on renewable sources

The reduction of Lufthansa Technik's global energy consumption and its advancement towards more energy efficiency are progressing well, with the revenue-based carbon footprint reduced from 35 tons per million € in 2013 to 20 tons per million € in 2020. Moreover, the energy mix is leaning heavily towards renewable sources: Meanwhile, all company sites in Germany as well as the subsidiaries Component Services in the US, Turbine Shannon in Ireland, and Landing Gear Services UK are using 100% renewable energy. Many other subsidiaries and sites are continuously working towards a higher percentage of renewable sources in their energy mix. Lufthansa Technik Philippines, for example, decided to install photovoltaic panels on the main hangar in order to reduce their carbon footprint by another 15% per year.

Highlights

Reduced global energy consumption and focus on renewable sources

MRO leadership in parts recycling

AeroSHARK and Cyclean® help to reduce an aircraft's fuel burn and emissions

AVIATAR Fuel Analytics and other digital services improve airline operations

Hydrogen Aviation Lab provides impulses for carbon-neutral future

MRO leadership in parts recycling

Another important factor is Lufthansa Technik's industry-leading repair capabilities for aircraft parts. Without compromising safety, it is able to repair and reuse more components than any other MRO. In doing so, the company not only spares many customers from the expensive purchase of new parts, it also avoids their energy- and resource-intensive production – repair instead of scrap.

With innovative products, we help our airline customers to reach their ambitious sustainability goals.

Cyclean® Engine Wash

A clean engine works better and needs less fuel and less maintenance – hence, it helps protect the environment. Lufthansa Technik's Cyclean® Engine Wash system injects vaporized hot water directly into the core engine to remove combustion residues and other contamination. Regular washes reduce fuel consumption and thus save up to 80 tons of CO₂ emissions per aircraft per year. In addition, Lufthansa Technik's customers benefit from their engines' increased on-wing time and lower maintenance costs. Cyclean® moreover guarantees a clean and safe collection of all wastewater without any negative impact on the environment.

→ lufthansa-technik.com/cyclean



Sharkskin Technology

The lower the frictional resistance of an aircraft in the air, the lower its fuel consumption. Using nature as a role model, Lufthansa Technik and BASF have jointly developed AeroSHARK, a bionic surface film that can easily be applied to large portions of commercial aircraft's surfaces. Its structure consisting of so-called "riblets" imitates the properties of sharkskin and therefore optimizes the aerodynamics on flow-related parts. The result are significant reductions in fuel consumption and emissions. For the current product applied on Boeing 777s, Lufthansa Technik estimates the fuel consumption to be reduced by more than one percent. For the eleven aircraft strong fleet of launch customer Lufthansa Cargo, this translates to annual savings of more than 4,000 tons of kerosene and over 12,800 tons of CO₂ emissions, which is the equivalent of more than 50 individual freight flights from Frankfurt to Shanghai. Initial model calculations show that AeroSHARK at its highest expansion level could even achieve savings of as much as three percent.

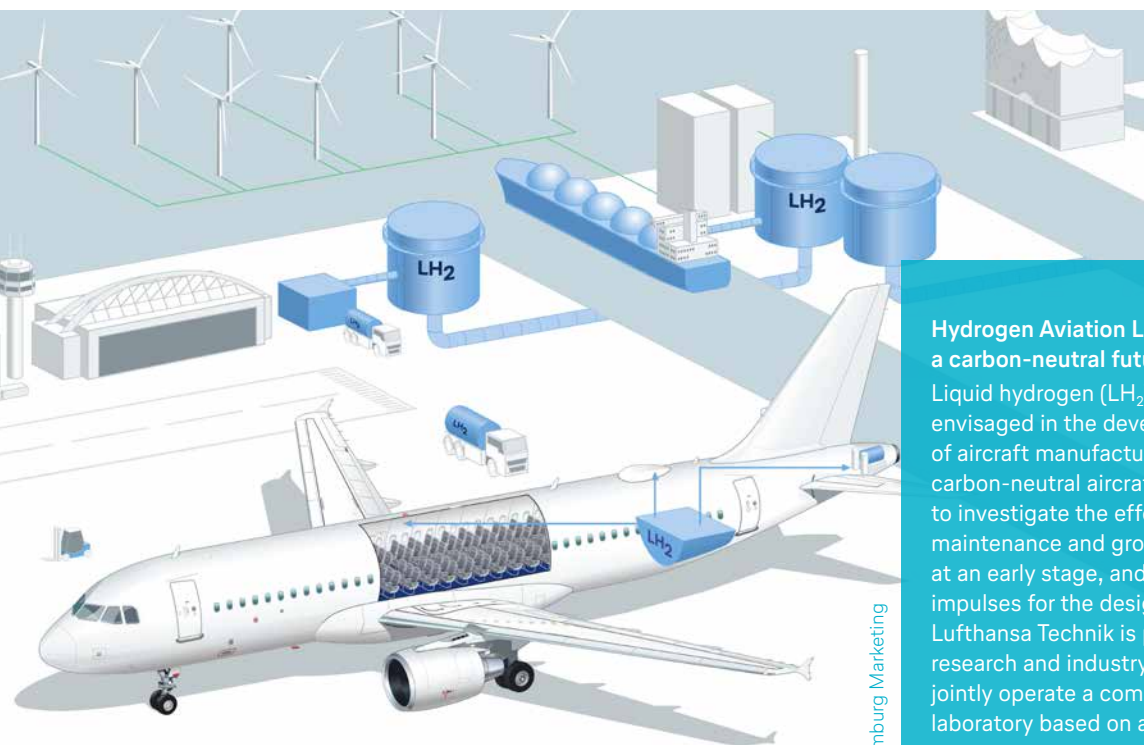
→ lufthansa-technik.com/aeroshark

AVIATAR Fuel Analytics and other digital services

Lufthansa Technik's digital operations tool suite AVIATAR features a number of dedicated digital services that directly help aircraft operators to improve their technical operations performance with a focus on significantly reducing their fuel bills and the associated carbon emissions. Predictive maintenance, for example, uses big data analyses to practically foresee parts failures before they occur in flight, thereby avoiding the fuel burn associated with technical diversions or unscheduled maintenance events interrupting regular flight operations. AVIATAR's Fuel Analytics tool moreover uses comprehensive operational data to give valuable advice for general fuel saving opportunities. Moreover, it can be used to exactly validate the fuel burn advantages associated with technical aircraft modifications such as an engine wash or a sharkskin modification.

→ lufthansa-technik.com/aviatar

→ aviatar.com



Hydrogen Aviation Lab: Preparing for a carbon-neutral future today

Liquid hydrogen (LH₂) is increasingly being envisaged in the development departments of aircraft manufacturers as a key to future carbon-neutral aircraft generations. In order to investigate the effects of the use of LH₂ on maintenance and ground processes already at an early stage, and to provide valuable impulses for the designers of future aircraft, Lufthansa Technik is partnering with renown research and industry institutions and will jointly operate a comprehensive LH₂ field laboratory based on an Airbus A320.

Our employees pursue social sustainability for our local communities.

The aforementioned ecologic and economic engagement goes hand in hand with the aspect of social sustainability: Many of the company's highly committed employees actively and voluntarily engage in their local communities to support a broad variety of charities, NGOs and other benevolent organizations alike.

Be it for the Lufthansa Group's dedicated Help Alliance, its various regional chapters or solely on their own; many employees frequently dedicate their free time for supporting good causes all throughout the global network. Professionally managed by experienced experts for corporate social responsibility, actively supported by its management, and nonetheless diligently performed by the countless helping hands among its workforce, Lufthansa Technik has made its mark as a strong driver of social sustainability all over the world.

Where our employees volunteer:

- Lufthansa Help Alliance
- Nordstern Community
- Hanseatic Help
- Charity Book Flea Market
- Community Clean-Ups
- Charity fundraiser selling old Lufthansa equipment
- International Impact Weeks
- ... and many more.



help alliance

Memberships & Networks:

Lufthansa Technik is actively partnering in a number of sustainability programs and initiatives on industrial, regional, national and international levels.

Since December 2021, Lufthansa Technik is a founding member of the European Union Clean Aviation Initiative. The Joint Undertaking is the European Union's leading research and innovation programme for transforming aviation towards a sustainable and climate neutral future. → clean-aviation.eu

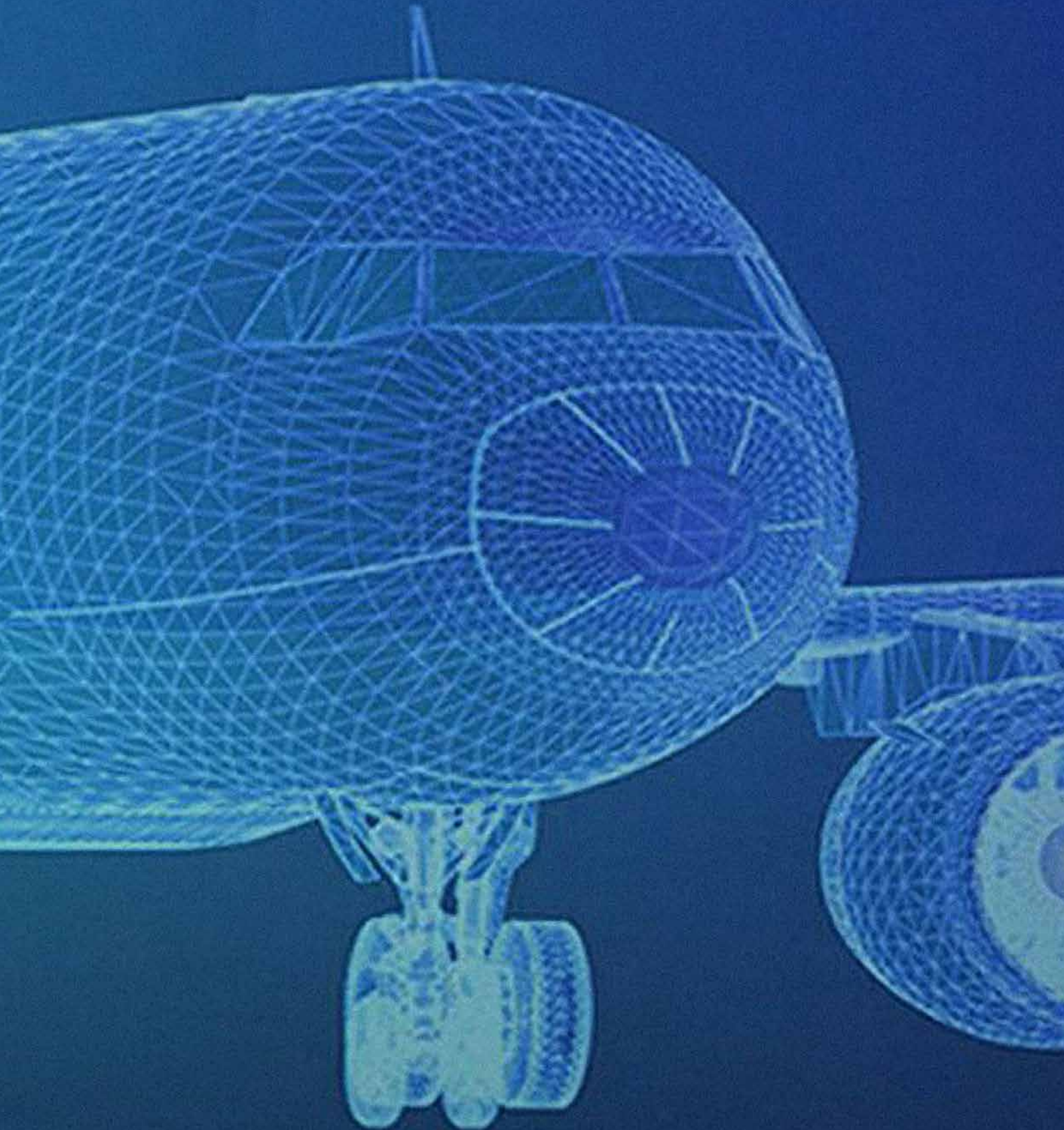
Moreover, Lufthansa Technik actively engages in the Lufthansa Group's CleanTech Hub, the group-wide pooling of projects, programs, and initiatives aiming at promoting technologies that propel not only the group but the entire aviation industry into a more sustainable future. → cleantechhub.lufthansagroup.com



LUFTHANSA GROUP
CLEANTECH HUB



**THE LUFTHANSA
TECHNIK GROUP**



**THE LUFTHANSA
TECHNIK GROUP**

Lufthansa Technik AG, Germany

Established in October 1994 as a subsidiary of Deutsche Lufthansa AG, Lufthansa Technik AG is the parent company of the engineering business segment of Deutsche Lufthansa AG and the global Lufthansa Technik Group. The heart of the company is its overhaul, development and logistics center in Hamburg, birthplace of engineering operations for the newly re-established post-war Lufthansa in 1955. The average number of employees in the reporting year amounted to 10,267.

Hawker Pacific Aerospace, Corp., USA

Established in 1912 and a wholly owned subsidiary of Lufthansa Technik since April 2002, this company offers landing gear overhaul services in Sun Valley / California, USA. Revenue for the reporting year was 52 million euros, with an average workforce of 276.

Lufthansa Technik AERO Alzey GmbH, Germany

This company has been active for over 25 years, particularly in the maintenance of Pratt & Whitney turboprop engines and General Electric CF34 turbofan engines. Revenue for the reporting year amounted to 297 million euros with an average of 664 employees.

Lufthansa Technik Budapest, Hungary

This Hungarian subsidiary offers overhaul and maintenance services for Boeing 737 Classic and Next Generation aircraft as well as the Airbus A320 family. Founded in 2000, the company generated revenue of 37 million euros with an average workforce of 394.

Lufthansa Technik Component Services LLC, USA

With five sites in the USA, offers a broad range of services in the field of maintenance for aircraft components, primarily for customers in North and South America. The company generated revenue of 73 million euros and had an annual average of 528 employees.

Lufthansa Technik Landing Gear Services UK Limited, UK

Specializes in the maintenance, repair and overhaul of landing gear. The company originated from the British Hawker Pacific Aerospace site and was renamed in March 2011. In the reporting year, revenue of 44 million euros was achieved with an average workforce of 279.

Lufthansa Technik Logistik Services GmbH, Germany

The logistics subsidiary specializes in services such as the procurement, warehousing, and transportation of materials. The company generated revenue of 224 million euros and had an annual average of 1,189 employees.

Lufthansa Technik Maintenance International GmbH, Germany

The company operates the line maintenance business for customers outside Germany. Along with the reorganization of the entire line maintenance activities of the LHT Group, the sale of the company by the end of March 2022 was agreed. Revenue amounted to 12 million euros with an annual average of 158 employees.

Lufthansa Technik Malta Limited, Malta

A joint venture with Air Malta, which holds a share of 8%, has offered maintenance and overhaul services since 2002, with a focus on Boeing 737 and Airbus A320, A330 / A340 and A350 aircraft. An annual average of 530 employees generated 36 million euros in revenue.

Lufthansa Technik Philippines Inc., Philippines

Established in 1999 as a joint venture with Macro Asia, the company services and overhauls aircraft, engines and equipment for the fleets of Philippine Airlines and other customers. Revenue of 116 million euros was achieved by an average of 2,851 employees.

Lufthansa Technik Puerto Rico LLC, Puerto Rico

Since autumn 2015, the company has provided overhaul services for the A320 range of shorthaul aircraft for American customers. The company's revenue was 33 million euros, with an average of 335 employees.

Lufthansa Technik Sofia OOD, Bulgaria

This joint venture with the Bulgarian Aviation Group (24.9%) specializes in the maintenance of aircraft from the Airbus A320 family and the Boeing 737 series. An annual average of 1,215 employees generated 58 million euros in revenue.

Lufthansa Technik Shannon Limited, Ireland

The maintenance portfolio of Lufthansa Technik Shannon is focused on the overhaul of short-haul aircraft for European customers. The company, established in 1992, generated revenue of 60 million euros and employed an annual average of 487 people. Along with the reorganization of the LHT Group, the sale of the company by the end of March 2022 was agreed.

Lufthansa Industry Solutions, Germany

Lufthansa Industry Solutions, one of the leading IT consulting and systems-integration companies in Germany, is part of Lufthansa Technik and is known in particular as a specialist in artificial intelligence and data analytics. Both external customers and Group companies rely on this wealth of experience. The three main subsidiaries generated revenue of 274 million euros with an average of 1,591 employees.

A large aircraft is shown in a hangar, with a blue overlay containing the title. The aircraft is white and has a large engine visible. The hangar has a high ceiling with a complex steel truss structure and large windows. In the foreground, there is a yellow crane and a metal scaffolding structure. The overall scene is industrial and brightly lit.

**CONSOLIDATED
FINANCIAL
STATEMENTS 2021**



CONSOLIDATED FINANCIAL STATEMENTS 2021

Consolidated income statement for the financial year 2021

CONSOLIDATED INCOME STATEMENT	Notes	2021	2020
Total revenue	4	4,003	3,747
thereof external customers		3,117	2,724
thereof Lufthansa Group		886	1,023
Other operating income	5	405	437
Total operating income		4,408	4,184
Cost of materials and services		-2,075	-2,372
Staff costs		-1,233	-1,113
Depreciation and amortisation		-174	-197
Other operating expenses	6	-691	-820
Operating expenses		-4,173	-4,502
Profit/loss from operating activities		235	-318
Results of equity investments		-25	-65
Adjusted EBIT		210	-383
Reconciliation items		-47	-125
EBIT		163	-508
Net interest		-31	-32
Other financial items		2	1
Financial result		-29	-31
Profit /loss before income taxes (EBT)		134	-539

(all figures in €m)

Consolidated statement of financial position as of 31 December 2021

ASSETS	Notes	31 December 2021	31 December 2020
Intangible assets		51	56
Aircraft and reserve engines		413	413
Property, plant, and other equipment		1,030	1,122
Financial assets	7	285	268
Repairable spare parts for aircraft	8	1,732	1,697
Other non-current assets	9	758	810
Non-current assets		4,269	4,366
Inventories	10	454	489
Contract assets	11	312	298
Trade receivables and other assets	12	1,406	2,312
Cash and cash equivalents		71	45
Current assets		2,243	3,144
Total assets		6,512	7,510

(all figures in €m)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 December 2021	31 December 2020
Shareholders' equity	13	2,307	1,701
Provisions	14	1,264	1,530
Financial liabilities	15	335	343
Contract liabilities	16	30	35
Other liabilities	17	888	1,540
Non-current provisions and liabilities		2,517	3,448
Provisions	18	276	155
Financial liabilities	19	55	68
Contract liabilities	20	506	791
Trade payables and other liabilities	21	851	1,347
Current provisions and liabilities		1,688	2,361
Total shareholders' equity and liabilities		6,512	7,510

(all figures in €m)

I. GENERAL NOTES

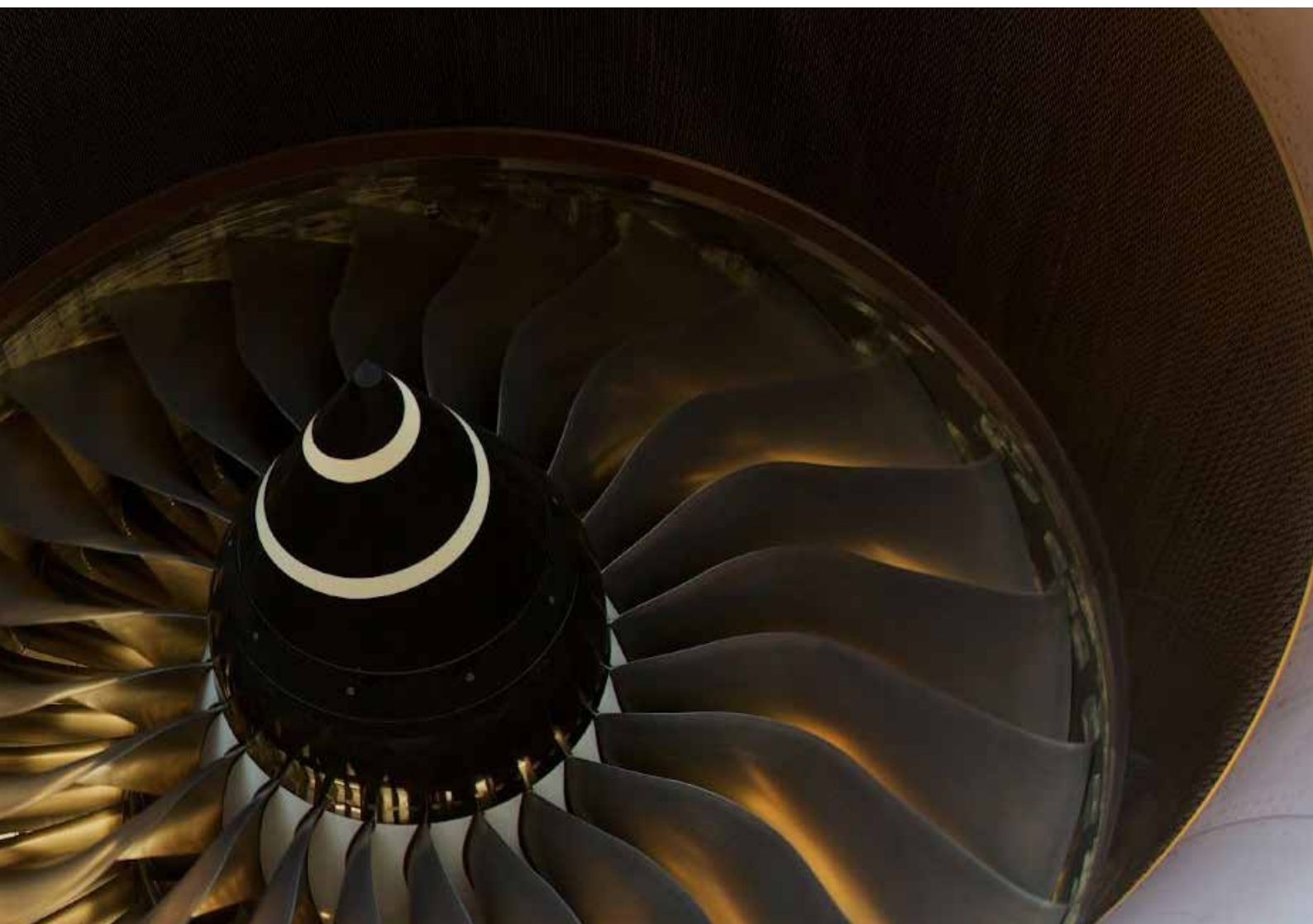
ON ACCOUNTING AND VALUATION METHODS

1. Consolidated financial statements

Lufthansa Technik AG is exempt from the obligation to prepare consolidated financial statements and a combined management report. The company is included as a Business segment (Lufthansa Technik Group) into the consolidated financial statements of Deutsche Lufthansa AG (Lufthansa Group). This report therefore only contains excerpts specific to Lufthansa Technik Group from the Group financial statements of Deutsche Lufthansa AG.

2. Application of IFRS

In addition to the single-entity financial statements prepared in accordance with the German Commercial Code (HGB) or regional GAAP, Lufthansa Technik AG and its subsidiaries also prepare financial statements in compliance with the International Financial Reporting Standards (IFRS). These IFRS single-entity financial statements form the basis for the consolidated financial statements presented here for Lufthansa Technik AG and its subsidiaries. These statements were included in the audit of the consolidated financial statements of Deutsche Lufthansa AG. The auditors have issued the corresponding inter-office opinions to the Group.



The use of IFRS increases the international comparability of the annual financial statements.

All standards applicable for the 2021 financial year have been applied. The 2021 consolidated financial statements were prepared using the same accounting and valuation methods as the preceding financial statements issued for the year ending 31 December 2020.

3. Change in business activities and group of consolidated companies

There were no changes in business activities and no adjustments to prior-year figures.

The scope of consolidation for the 2021 financial year is unchanged from the previous year and, in addition to Lufthansa Technik AG as the parent company, consists of twenty-four domestic and foreign companies (see notes 22).

II. NOTES AND EXPLANATIONS

CONSOLIDATED INCOME STATEMENT

4. Total revenue

	2021	2020
External customers	3,117	2,724
Companies of the Lufthansa Group	886	1,023
(all figures in €m)	4,003	3,747

Of the revenue generated by the Lufthansa Technik group, 22% was generated from Lufthansa Group companies and 78% from customers outside the group. External revenue is distributed between the regions as follows: Europe (42%), North/Central/South America (34%), Asia/Pacific (17%), and Middle East/Africa (7%).

5. Other operating income

	2021	2020
Foreign exchange gains	48	73
Miscellaneous other operating income	357	364
(all figures in €m)	405	437

6. Other operating expenses

	2021	2020
Foreign exchange losses	72	96
Expenses for rents and maintenance	153	173
Other operating expenses	466	551
(all figures in €m)	691	820

III. NOTES AND EXPLANATIONS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. Financial assets

	31 December 2021	31 December 2020
Investments in joint ventures	100	87
Investments in associated companies	95	86
Investments in subsidiaries	72	72
Loans to subsidiaries	17	22
Other equity holdings	1	1
(all figures in €m)	285	268

8. Repairable spare parts for aircraft

	31 December 2021			31 December 2020		
	Gross acquisition cost	Accumulated depreciation	Net carrying amount	Gross acquisition cost	Accumulated depreciation	Net carrying amount
Pool material	2,198	907	1,291	2,283	972	1,311
Non-pool material	962	521	441	870	484	386
(all figures in €m)	3,160	1,428	1,732	3,153	1,456	1,697

9. Other non-current assets

	31 December 2021	31 December 2020
Other assets with a residual term of more than one year	11	14
Deferred tax assets	747	796
(all figures in €m)	758	810

10. Inventories

	31 December 2021	31 December 2020
Spare parts for aircraft	425	451
Raw materials, consumables and supplies	3	2
Unfinished goods	26	36
(all figures in €m)	454	489

11. Contract assets

Contract assets include work in progress and the corresponding advance payments received from MRO-services.

12. Trade receivables and other assets

	31 December 2021	31 December 2020
Trade receivables	546	489
Other assets	860	1,824
(all figures in €m)	1,406	2,313

13. Shareholders' equity

The issued capital of Lufthansa Technik AG amounts to 220 million euros, divided into 44,000,000 no-par-value shares. Deutsche Lufthansa Aktiengesellschaft is the sole shareholder.

14. Provisions long-term

	31 December 2021	31 December 2020
Provisions for pensions and similar obligations	1,096	1,446
Other long-term provisions	168	84
(all figures in €m)	1,264	1,530

15. Financial liabilities long-term

	31 December 2021	31 December 2020
Financial liabilities to banks	23	21
Finance leases	7	7
Leasing liabilities from the capitalization of rights of use	305	315
(all figures in €m)	335	343

16. Contract liabilities long-term

Contract liabilities include non-current obligations from long-term MRO contracts, such as flat-rate contracts for engine overhaul.

17. Other liabilities long-term

	31 December 2021	31 December 2020
Liabilities to affiliated companies	848	1,501
Other long-term liabilities	15	16
Provisions for deferred taxes	25	23
(all figures in €m)	888	1,540

18. Provisions

	31 December 2021	31 December 2020
Provisions for other personnel expenditure	7	3
Other short-term provisions	269	152
(all figures in €m)	276	155

19. Financial liabilities

	31 December 2021	31 December 2020
Financial liabilities to banks	10	18
Leasing liabilities from the capitalization of rights of use	42	50
Other short term financial liabilities	3	0
(all figures in €m)	55	68

20. Contract liabilities

Contract liabilities include short-term obligations from MRO contracts as well as work in progress for which the advance payments received exceed the percentage of completion.

21. Trade payables and other liabilities

	31 December 2021	31 December 2020
Trade payables	469	323
Advance payments received	4	3
Other liabilities	374	1,016
Income tax liabilities	4	5
(all figures in €m)	851	1,347

22. Group of consolidated companies

MAJOR SUBSIDIARIES AS OF 31 DEC 2021	Equity stake (%)
BizJet International Sales & Support, Inc., Tulsa, USA	100
Hamburger Gesellschaft für Flughafenanlagen mbH, Hamburg	100
Hawker Pacific Aerospace, Sun Valley, USA	100
JASEN Grundstücksgesellschaft mbH & Co. oHG, Grünwald	100
Lufthansa Industry Solutions AS GmbH, Norderstedt	100
Lufthansa Industry Solutions BS GmbH, Raunheim	100
Lufthansa Industry Solutions GmbH & Co. KG, Norderstedt	100
Lufthansa Technik AERO Alzey GmbH, Alzey	100
Lufthansa Technik Airmotive Ireland Holdings Ltd., Dublin, Ireland	100
Lufthansa Technik Airmotive Ireland Leasing Limited, Dublin, Ireland	100
Lufthansa Technik Budapest Repülögép Nagyjavító Kft., Budapest, Hungary	100
Lufthansa Technik Component Services LLC, Tulsa, USA	100
Lufthansa Technik Immobilien- und Verwaltungsgesellschaft mbH, Hamburg	100
Lufthansa Technik Landing Gear Services UK Limited, Kestrel Way, Hayes, UK	100
Lufthansa Technik Logistik GmbH, Hamburg	100
Lufthansa Technik Logistik Services GmbH, Hamburg	100
Lufthansa Technik Maintenance International GmbH, Frankfurt am Main	100
Lufthansa Technik Malta Limited, Luqa, Malta	92
Lufthansa Technik North America Holding Corp., Tulsa, USA	100
Lufthansa Technik Objekt- und Verwaltungsgesellschaft mbH, Hamburg	100
Lufthansa Technik Philippines, Inc., Manila, Philippines	51
Lufthansa Technik Puerto Rico LLC, San Juan, Puerto Rico	100
Lufthansa Technik Shannon Limited, Claire, Ireland	100
Lufthansa Technik Sofia OOD, Sofia, Bulgaria	75.1

MAJOR JOINT VENTURES AS OF 31 DEC 2021¹	Equity stake (%)
EME Aero Sp.z.o.o, Jasionka, Poland	50
LG-LHT Aircraft Solutions GmbH, Hamburg	51
LG-LHT Passenger Solutions GmbH, Hamburg	51
N3 Engine Overhaul Services GmbH & Co. KG, Arnstadt	50
Spairliners GmbH, Hamburg	50
XEOS Sp.z.o.o., Wroclaw, Poland	51

MAJOR ASSOCIATED COMPANIES AS OF 31 DEC 2021¹	Equity stake (%)
Aircraft Maintenance and Engineering Corp., Beijing, China	25
HEICO Aerospace Holdings Corp., Florida, USA	20

¹ Accounted for using the equity method.

MISCELLANEOUS EQUITY INVESTMENTS**SUBSIDIARIES, NOT CONSOLIDATED AS OF 31 DEC 2021**

Equity stake (%)

AVIATION Data Hub GmbH, Hamburg	100
Avionic Design GmbH, Hamburg	100
Cargo Future Communications (CFC) GmbH, Büchenbeuren	100
FLYdocs Inc. (Delaware Corp.), City of Wilmington, New Castle, USA	100
FLYdocs India Private Limited, Vadoora, India	100
FLYdocs Systems (MIDCO) Limited, Tamworth, Staffordshire, UK	100
Flydocs Systems (TOPCO) Limited, Staffordshire, UK	100
FLYdocs Systems Limited, Tamworth, Staffordshire, UK	100
Gen2 Systems Limited, Tamworth, UK	100
Idair GmbH, Hamburg	100
Lufthansa Engineering and Operational Services GmbH, Frankfurt am Main	100
Lufthansa Industry Solutions SHPK, Tirana, Albania	100
Lufthansa Industry Solutions TS GmbH, Oldenburg	100
Lufthansa Technical Training GmbH, Hamburg	100
Lufthansa Technik Brussels N.V., Steenokkerzeel-Melsbroek, Belgium	100
Lufthansa Technik Component Services Asia Pacific Limited, Hong Kong, China	100
Lufthansa Technik Intercoat GmbH, Kaltenkirchen	51
Lufthansa Technik Middle East FZE, Dubai, United Arab Emirates	100
Lufthansa Technik Milan s.r.l., Somma Lombardo (VA), Italy	100
Lufthansa Technik Miskolc Kft., Budapest, Hungary	100
Lufthansa Technik Services India Private Limited, New Delhi, India	100
Lufthansa Technik Shenzhen Co. Ltd., Shenzhen, China	80
Lufthansa Technik Turbine Shannon Limited, Shannon, Ireland	100
Lufthansa Technik Vostok Services OOO, Moscow, Russia	100

OTHER JOINT VENTURES AS OF 31 DEC 2021

Equity stake (%)

Airfoil Services Sdn. Bhd., Kuala Lumpur, Malaysia	50
INAIRVATION GmbH, Edlitz-Thomasberg, Austria	50
Lufthansa HNA Technical Training Co., Ltd., Meilan Airport, Hainan, China	50
Lumics GmbH & Co. KG, Hamburg	50
Lumics Verwaltungs GmbH, Hamburg	50
N3 Engine Overhaul Services Verwaltungsgesellschaft mbH, Hamburg	50

OTHER ASSOCIATED COMPANIES AS OF 31 DEC 2021

Equity stake (%)

AviationPower GmbH, Hamburg	40.8
Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg	20

OTHER RELATED PARTIES

AviationPower Technical Services GmbH	
AviationPower UK Ltd.	
AerQ GmbH	



IV. GENERAL NOTES AND EXPLANATIONS

23. Number of employees

At the end of the year, the Lufthansa Technik Group had 20,569 employees (previous year: 22,745 employees).

24. Supervisory Board and Executive Board

The members of the Supervisory Board and Executive Board of Lufthansa Technik AG are listed on page 41.

Hamburg, 25 February 2022

Lufthansa Technik Aktiengesellschaft

Executive Board

Dr. Johannes Bussmann, Soeren Stark, Dr. William Willms

Supervisory Board

Dr. Detlef Kayser

Chairman of the Supervisory Board
Lufthansa Technik AG
Member of the Executive Board
Deutsche Lufthansa AG

Frank Hartstein

Deputy Chairman
Lufthansa Technik AG
Secretary of trade union ver.di
Employee representative

Dorothea v. Boxberg

Chairwoman of the Executive Board
Lufthansa Cargo AG
(until 30 June 2021)

Dr. Roland Busch

Former member of the Executive Board
Swiss Intern. Air Lines

Karin van Hall

Administrative officer
Employee representative

August W. Henningsen

Former Chairman of the Executive Board
Lufthansa Technik AG

Birgit Heyer

Quality management officer
Employee representative

Dr. Myriam Meyer Stutz

Owner and managing director of
Schweizer mmtec

Holger Moll-Ritter v. Sporschill

Process planner
Employee representative

Astrid Neben

Head of Human Resources
Lufthansa Airlines
Deutsche Lufthansa AG
(from 1 October 2021)

Doreen Nowotne

Independent management consultant

Domenico Perroni

Secretary of trade union, ver.di
Employee representative

Kai-Stefan Röpke

Industrial Engineer
Employee representative

Torsten Schmidt

Member of the Works Council
Employee representative

Tina Schumann

Head of Corporate Taxes
Deutsche Lufthansa AG
(from 1 July 2021 until
30 September 2021)

Annabel Schwätter

Head of Corporate Organization,
Process & Quality
Deutsche Lufthansa AG
(from 1 July 2021)

Dr. William Willms

Head of Corporate Strategy
Deutsche Lufthansa AG
(until 30 June 2021)

Mia Sophia Witzig

Administrative officer
Employee representative

Dr. Stephan Zilles

Vice President Legal,
Compliance and Data Protection
Deutsche Lufthansa AG
(from 1 January 2021)

Executive Board

Dr. Johannes Bussmann

Chairman of the Executive Board
CEO & Human Resources

Dr. William Willms

Member of the Executive Board
CFO, Corporate Services & IT
(from 1. September 2021)

Soeren Stark

Member of the Executive Board
COO & Logistics



Lufthansa Technik

Lufthansa Technik AG

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Responsible:

Dr. Jens Krueger,
Senior Director of Corporate Communications,
Marketing and Political Relations, Lufthansa Technik AG