



3RD INTERIM REPORT
January – September 2018

Adjusted EBIT of EUR 2,362m slightly below record in the previous year, mainly due to one-off integration expenses at Eurowings | Network Airlines fully compensate for substantial rise in fuel costs and achieve higher earnings than in the previous year | Forecast for the full-year 2018 confirmed



Lufthansa Group

KEY FIGURES LUFTHANSA GROUP

		Jan – Sep 2018	Jan – Sep 2017	Change in %	Jul – Sep 2018	Jul – Sep 2017	Change in %
Revenue and result							
Total revenue	€m	26,897	26,761	1	9,959	9,810	2
of which traffic revenue	€m	21,145	21,360	-1	7,989	8,067	-1
Operating expenses	€m	25,914	25,984	0	9,077	8,892	2
Adjusted EBITDA	€m	3,730	3,836	-3	1,824	1,947	-6
Adjusted EBIT	€m	2,362	2,560	-8	1,354	1,518	-11
EBIT	€m	2,361	2,435	-3	1,351	1,404	-4
Net profit/loss	€m	1,742	1,853	-6	1,065	1,181	-10
Key balance sheet and cash flow statement figures							
Total assets	€m	39,247	38,524	2	-	-	
Equity ratio	%	29.2	22.3	6.9 pts	-	-	
Net indebtedness	€m	2,477	521	375	-	-	
Pension provisions	€m	4,801	7,888	-39	-	-	
Cash flow from operating activities	€m	3,771	4,459	-15	753	1,233	-39
Capital expenditure (gross) ¹⁾	€m	2,496	1,962	27	569	565	1
Free cash flow	€m	1,152	2,790	-59	175	690	-75
Key profitability figures							
Adjusted EBITDA margin	%	13.9	14.3	-0.4 pts	18.3	19.8	-1.5 pts
Adjusted EBIT margin	%	8.8	9.6	-0.8 pts	13.6	15.5	-1.9 pts
EBIT margin	%	8.8	9.1	-0.3 pts	13.6	14.3	-0.7 pts
Lufthansa share							
Share price at the quarter-end	€	21.16	23.51	-10	-	-	
Earnings per share	€	3.69	3.95	-7	2.26	2.52	-10
Traffic figures²⁾							
Flights		924,954	850,717	9	335,612	307,480	9
Passengers	thousands	108,522	97,891	11	41,599	38,149	9
Available seat-kilometres	millions	264,230	244,842	8	97,397	90,602	8
Revenue seat-kilometres	millions	216,594	199,176	9	83,499	77,325	8
Passenger load factor	%	82.0	81.3	0.6 pts	85.7	85.3	0.4 pts
Available cargo tonne-kilometres	millions	12,198	11,716	4	4,267	4,131	3
Revenue cargo tonne-kilometres	millions	8,094	7,989	1	2,722	2,770	-2
Cargo load factor	%	66.4	68.2	-1.8 pts	63.8	67.1	-3.3 pts
Employees							
Employees as of 30 Sep		135,033	128,835	5	135,033	128,835	5

¹⁾ Without acquisition of equity investments.

²⁾ Previous year's figures have been adjusted.

Date of publication: 30 Oct 2018.

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Course of business

Higher fuel costs burden the Lufthansa Group's earnings development in the first nine months of the financial year

- Revenue increases by 6% after adjusting for the effects of first-time application of the accounting standard IFRS 15 (Revenue from Contracts with Customers)
- Constant currency unit revenues (RASK) excluding IFRS 15 effects of passenger airlines are up by 0.3%
- Adjusted EBIT decreases by 8%, primarily due to the decrease in earnings at Eurowings in relation to one-off integration expenses and irregularities in flight operations
- Earnings increase at Network Airlines despite higher fuel costs and higher expenses due to irregularities in flight operations
- Earnings in Logistics and Catering segments up on previous year, MRO slightly down
- Cash flow from operating activities is down by 15%; gross capital expenditure (without the acquisition of equity investments) increases by 27%
- Equity ratio increases by 2.7 percentage points compared to year-end 2017; net indebtedness decreases by 14%

Significant events

Long-term tariff agreement concluded with ver.di

- On 7 February 2018, the Lufthansa Group and ver.di conclude long-term tariff agreements from 1 January 2018 to 30 September 2020 for the around 28,000 ground staff employed by Lufthansa German Airlines, Lufthansa Cargo, Lufthansa Technik and the LSG group in Germany
- Wage agreement prescribes a total increase in remuneration of 4.9% up to 6.1% over the full term; increase depends on Adjusted EBIT margin in the individual segments

Carsten Spohr confirmed as Chairman of the Executive Board and CEO for another five years

- Supervisory Board appoints Carsten Spohr on 14 March 2018 as Chairman of the Executive Board and CEO for five more years until year-end 2023

New appointments to Supervisory Board

- Dr Karl-Ludwig Kley elected as Chairman of the Supervisory Board at constituent meeting on 8 May 2018; Christine Behle elected as Deputy Chairwoman
- Shareholder representatives had been elected by the Annual General Meeting before

Modernisation of fleet advances

- On 7 May 2018, Supervisory Board approves the order of up to 16 aircraft; two Boeing 777-300ERs for SWISS, two Boeing 777Fs for Lufthansa Cargo and up to twelve Airbus A320s; gradual delivery planned until 2022
- On 28 September 2018, Supervisory Board approves the purchase of 27 A320neo and A321neo aircraft; delivery planned for 2023 and 2024; list price of USD 3bn

Financial performance

- First-time application of the accounting standard IFRS 15 (Revenue from Contracts with Customers) leads to significant changes in individual income and expense items in the segments Network Airlines and Eurowings
- The EUR 1,726m in traffic revenue and passenger-related airport fees that was previously recorded in gross is now reported as a net amount
- Training and travel management income in the amount of EUR 270m is reclassified from other operating income to revenue
- The previous year's figures are not adjusted according to transitional provisions; to ensure comparability, developments in the affected income and expense items and in the performance indicators derived from these are also shown with adjustments, i.e. without netting effects for 2018

EARNINGS POSITION

REVENUE, INCOME AND EXPENSES

	Jan - Sep 2018 in €m	Jan - Sep 2017 in €m	Change in %
Traffic revenue	21,145	21,360	-1
Other revenue	5,752	5,401	6
Total revenue	26,897	26,761	1
Other operating income ¹⁾	1,246	1,643	-24
Total operating income	28,143	28,404	-1
Cost of materials and services	13,847	14,230	-3
of which fuel	4,475	3,939	14
of which fees and charges	3,373	4,790	-30
of which operating lease/charter	543	514	6
of which external services MRO	1,307	1,148	14
Staff costs ²⁾	6,528	6,415	2
Depreciation ³⁾	1,368	1,276	7
Other operating expenses ¹⁾	4,171	4,063	3
Total operating expenses	25,914	25,984	0
Result from equity investments	133	140	-5
Adjusted EBIT	2,362	2,560	-8
Total reconciliation EBIT	-1	-125	-99
EBIT	2,361	2,435	-3

¹⁾ Without write-backs from fixed assets and book gains/losses.

²⁾ Without past service cost/settlements.

³⁾ Without impairment loss.

Revenue and operating income increase, adjusted for the effects of IFRS 15

- Traffic revenue up by 7%, excluding IFRS 15 effects, mainly due to higher passenger numbers at lower yields after adjustment due to currency effects
- Other revenue rises by 2%, excluding IFRS 15 effects, mainly due to the increased revenue in Aviation Services despite negative exchange rate effects
- Revenue up by 6%, excluding IFRS 15 effects; total operating income up by 5%, excluding IFRS 15 effects
- With capacity up by 8%, constant currency unit revenues (RASK¹⁾) excluding IFRS 15 effects at passenger airlines are up by 0.3%

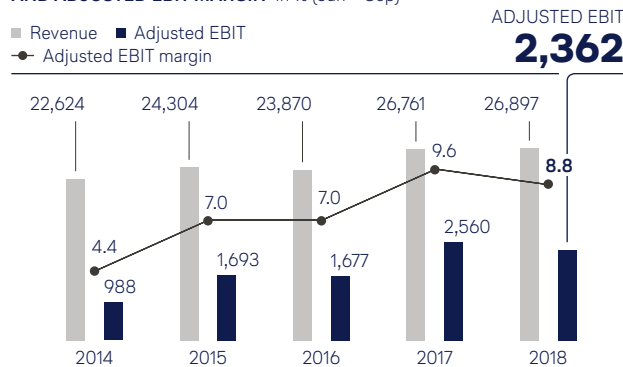
Operating expenses also up on the previous year, adjusted for the effects of IFRS 15

- Operating expenses increase by 6%, adjusted for the effects of IFRS 15
- Cost of materials and services rises by 9%, excluding IFRS 15 effects
 - Including fuel costs up by 14%; rising average prices after hedging (+15%) and higher volumes (+5%) are partly compensated for by currency effects (–6%); the result of price hedging is EUR +581m (previous year: EUR –123m).
 - Increase in fees and charges of 7%, excluding IFRS 15 effects, results from higher passenger numbers and cargo volumes
 - Expenses from external services for technical maintenance and overhaul work are up by 14%, in particular due to a higher number of engine overhauls, some of which are performed by external service providers
 - Other purchased services rise by 17%, mainly due to significantly higher expenses from irregularities in flight operations
- Staff costs are up by 2%; new system of pension obligations for pilots in the previous year and currency effects curb the increase
- EUR 1,115m of total depreciation and amortisation relates to aircraft and reserve engines (+9%); increase results from growth of the Group fleet
- Constant currency unit costs (CASK²⁾), excluding fuel and IFRS 15 effects, for passenger airlines are stable
 - One-off expenses, in particular at Eurowings in relation to the integration of the aircraft previously operated by Air Berlin and flight irregularities partly associated with this, impact negatively on the development of costs, while a decrease of 1% is achieved at Network Airlines

¹⁾ RASK: total operating income (excluding reconciliation items from Adjusted EBIT), adjusted for income from the release of provisions and including all exchange rate gains and losses recognised in other operating income or expenses. Figures from the previous year were adjusted in accordance with the changes due to IFRS 15.

²⁾ CASK: total operating expenses (excluding reconciliation items within Adjusted EBIT) excluding the foreign exchange losses recognised in other operating expenses, adjusted for income from the release of provisions.

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



Earnings slightly below previous year's level

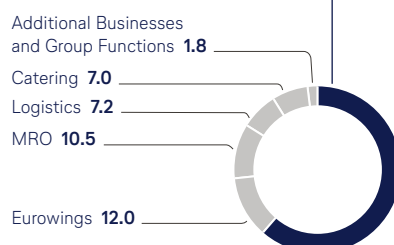
- Efficiency gains are unable to fully compensate for lower yields, which decrease due to exchange rate changes, rising fuel costs, one-off integration expenses for the incorporation of parts of the former Air Berlin fleet and one-off expenses partly associated with this as a result of flight irregularities
- Adjusted EBIT down by 8% to EUR 2,362m; EBIT down by 3% to EUR 2,361m
- Exchange rate gains and losses as well as changes in exchange rates year on year reduce Adjusted EBIT by EUR 119m
- Adjusted EBIT margin decreases by 0.8 percentage points to 8.8%; the Adjusted EBIT margin decreases by 1.3 percentage points to 8.3%, adjusted for the effects of IFRS 15

Net profit for the period slightly down on the previous year

- Improved net interest of EUR –120m (+40%) due to the absence of prior year one-off expenses and lower accrued interest on pension provisions; one-off expenses were related to interest on back payments of taxes in connection with audits
- Other financial items decrease by EUR 91m to EUR 25m, primarily due to the change in accounting method for the fair value components of hedging transactions as per IFRS 9 that are now recognised without effect on profit or loss
- Income tax expense (EUR 499m) and earnings attributable to minority interests (EUR 25m) result in a net profit for the period of EUR 1,742m (previous year: EUR 1,853m)

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS

in % (as of 30 Sep 2018)



NETWORK AIRLINES

61.5

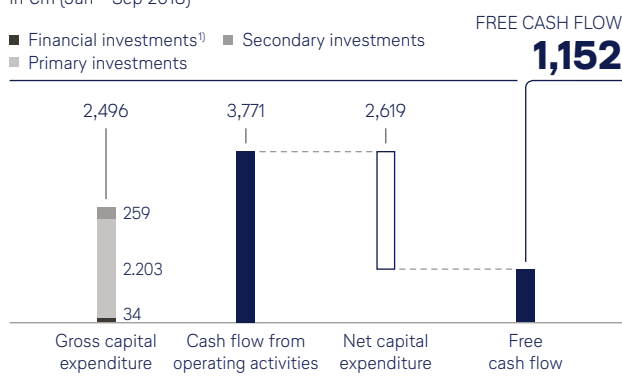
FINANCIAL POSITION

Cash flow from operating activities and free cash flow decrease

- Cash flow from operating activities decreases by 15% to EUR 3,771m; with pre-tax earnings being slightly lower, the decrease is essentially due to higher income tax expenses, lower non-cash-effective earnings components, including pensions, and cash-effective accounting changes, such as accruals/deferrals for performance-related salary components; in contrast, higher inflows from the reduction in (net) trade working capital are only able to partly offset the negative effects
- Free cash flow (cash flow from operating activities less net capital expenditure) down by 59% to EUR 1,152m

CASH FLOW AND CAPITAL EXPENDITURE

in €m (Jan - Sep 2018)



¹⁾ Without acquisition of equity investments.

Capital expenditure increases, Adjusted Net Debt/ Adjusted EBITDA improves

- Gross capital expenditure (without acquisition of equity investments and changes to repairable spare parts) up by 27% to EUR 2,496m; cash outflows of EUR 51m resulted from the acquisition of equity investments, which is in contrast with cash inflows of EUR 160m in the previous year that were largely from acquired cash holdings at Brussels Airlines
- Capital expenditure on aircraft and reserve engines is EUR 2,203m up by 32% on the previous year; this relates mainly to 36 aircraft purchases (including finance leases) and 38 advance payments

- Cash outflows from cash management activities of EUR 391m are the result of the increase in current securities and funds including pension fund allocations; cash outflow of EUR 2,438m in the previous year concerned acquisitions in relation to the (at the time) outstanding payment of an initial sum for the new system of transitional benefits for the cabin crews of Lufthansa German Airlines
- Net cash outflows from financing activities of EUR 707m mainly relate to scheduled debt repayments and interest and dividend payments
- Adjusted Net Debt¹⁾/Adjusted EBITDA decreases on year-end 2017 by 0.2 points to 1.5

NET ASSETS

Total assets and equity ratio increase, net indebtedness decreases

- Total assets are up by 8% to EUR 39,247m compared to year-end 2017, above all due to the result for the period and for seasonal reasons; share of non-current assets rises to 68% due to increased investing activities
- Share of current debt in finances increases to 41%, in particular due to reclassification effects from IFRS 15 on liabilities from customer loyalty programmes (EUR 1,237m, from non-current to current) and from the seasonal increase in working capital (debt) items
- Net indebtedness down on year-end 2017 by 14% to EUR 2,477m; net indebtedness and pension provisions down by 9% to a total of EUR 7,278m
- Increase in non-current assets of 6% is primarily the result of additions to aircraft and repairable spare parts and increase in the market values of hedging instruments (essentially non-current currency cash flow hedges)
- Increase in current assets of 13% mainly due to higher trade receivables including contract assets; their increase is the result of higher volume of business and seasonal effects
- Equity rises by 19% due to the result for the period and positive effects from the market valuation of hedging instruments for fuel and currencies; this contrasts with adjustment effects from the first-time application of IFRS 15 and IFRS 9 (Financial Instruments) (cumulative after taxes: EUR -318m) compared with year-end 2017
- Equity ratio rises by 2.7 percentage points to 29.2%

¹⁾ In order to calculate net indebtedness, 50% of the hybrid bond issued in 2015 (EUR 247m) has been included for the calculation.

- Pension provisions decrease by 6%, essentially due to pension payments that were not made from fund assets; allocations recognised through profit or loss, valuation effects recognised directly in equity and the decrease as a result of contributions to pension assets compensate for each other overall; discount rates increase from 2.0% to 2.1%
- Non-current borrowing decreases by 14%, mainly due to maturity-based reclassifications
- Decrease of EUR 1,088m in other non-current debt/provision items due to aforementioned IFRS 15 reclassification of the proportion of liabilities relating to customer loyalty programmes, which was previously recognised as non-current (EUR 1,237m)
- Liabilities from unused flight documents are up by 19% for seasonal reasons and due to the higher volume of business
- Amendments in connection with the first-time application of IFRS 15 as of 1 January 2018 result in higher accruals/deferrals for obligations under customer loyalty programmes and fees and charges received of EUR 413m; IFRS 15 requires separate items for contract liabilities (current/non-current; EUR 2,301m), which were previously shown under non-financial liabilities and received advance payments; this includes liabilities relating to customer loyalty programmes (totalling EUR 2,173m) and advance payments on contracts

RECONCILIATION OF RESULTS

in €m	Jan - Sep 2018		Jan - Sep 2017	
	Income statement	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue	26,897	-	26,761	-
Changes in inventories	35	-	97	-
Other operating income	1,234	-	1,650	-
of which book gains	-	-15	-	-38
of which write-ups on capital assets	-	-7	-	-66
of which badwill	-	-	-	-
Total operating income	28,166	-22	28,508	-104
Cost of materials and services	-13,847	-	-14,230	-
Staff costs	-6,529	-	-6,456	-
of which past service costs/settlement	-	1	-	41
Depreciation	-1,376	-	-1,460	-
of which impairment losses	-	8	-	184
Other operating expenses	-4,186	-	-4,067	-
of which impairment losses on assets held for sale	-	0*	-	0*
of which expenses incurred from book losses	-	14	-	4
Total operating expenses	-25,938	23	-26,213	229
Profit/loss from operating activities	2,228	-	2,295	-
Result from equity investments	133	-	140	-
EBIT	2,361	-	2,435	-
Total amount of reconciliation Adjusted EBIT		1		125
Adjusted EBIT		2,362		2,560
Depreciation (included in profit from operating activities)	1,376	-	1,460	-
Depreciation on assets held for sale	0*	-	0*	-
EBITDA	3,737	-	3,895	-

* Rounded below EUR 1m.

Business segments

NETWORK AIRLINES BUSINESS SEGMENT

KEY FIGURES NETWORK AIRLINES

		Jan - Sep 2018	Jan - Sep 2017	Change in %	Jul - Sep 2018	Jul - Sep 2017	Change in %
Revenue	€m	17,094	17,695	-3	6,426	6,598	-3
of which with companies of the Lufthansa Group	€m	543	503	8	201	184	9
Operating expenses	€m	15,670	16,378	-4	5,600	5,587	0
Adjusted EBITDA	€m	2,880	2,854	1	1,321	1,494	-12
Adjusted EBIT	€m	1,960	1,947	1	1,009	1,190	-15
EBIT	€m	1,970	1,823	8	1,015	1,079	-6
Adjusted EBIT margin	%	11.5	11.0	0.5 pts	15.7	18.0	-2.3 pts
Segment capital expenditure	€m	1,593	1,339	19	274	460	-40
Employees as of 30 Sep		51,699	49,751	4	51,699	49,751	4
Flights ¹⁾		673,130	634,269	6	242,070	226,302	7
Passengers ¹⁾	thousands	79,028	73,349	8	29,988	28,111	7
Available seat-kilometres ¹⁾	millions	215,194	204,832	5	78,340	74,852	5
Revenue seat-kilometres	millions	176,331	167,031	6	67,154	63,957	5
Passenger load factor ¹⁾	%	81.9	81.5	0.4 pts	85.7	85.4	0.3 pts
Yields ²⁾	€ Cent	8.9	9.1	-1.8 ³⁾	8.9	8.9	-0.4 ⁴⁾
Unit revenue (RASK) ²⁾	€ Cent	8.0	8.2	-2.0 ⁵⁾	8.3	8.3	-0.5 ⁶⁾
Unit cost (CASK) excluding fuel ²⁾	€ Cent	5.5	5.7	-3.2 ⁷⁾	5.3	5.3	1.0 ⁸⁾

¹⁾ Previous year's figures have been adjusted.

²⁾ On a like-for-like basis, also previous year including IFRS 15 effects.

³⁾ Exchange rate-adjusted change: 0.8%.

⁴⁾ Exchange rate-adjusted change: 0.0%.

⁵⁾ Exchange rate-adjusted change: 0.7%.

⁶⁾ Exchange rate-adjusted change: -0.2%.

⁷⁾ Exchange rate-adjusted change: -1.0%.

⁸⁾ Exchange rate-adjusted change: 1.2%.

- Fleet renewal advances; purchase of additional Boeing 777 aircraft and aircraft from the Airbus A320 family approved by Supervisory Board
- Management of hubs continues to be consistently optimised; focus on quality-based growth and improved punctuality
- Traffic revenue is up by 4%, adjusted for IFRS 15 effects; higher volumes (+6%) are compensated for by lower yields due to exchange rate changes
- Revenue rises by 4% on the previous year on an adjusted basis
- Constant currency unit revenues excluding IFRS 15 effects increase by 0.7% due to slightly higher load factors and increased constant currency yields
- Operating expenses are 3% up on the previous year, adjusted for the effects of IFRS 15
- Constant currency unit costs excluding fuel are down by 1.0%, excluding IFRS 15 effects
- Cost of materials and services rises by 6%, adjusted for the effects of IFRS 15, primarily due to higher fuel costs, significantly higher expenses due to irregularities in flight operations and higher MRO costs
- Staff costs decrease by 1% as a result of lower pension expenses due to new plans in Germany
- Adjusted EBIT improves slightly by 1% to EUR 1,960m
- Adjusted EBIT margin increases by 0.5 percentage points to 11.5%; the Adjusted EBIT margin decreases by 0.3 percentage points to 10.7%, adjusted for the effects of IFRS 15

DEVELOPMENTS IN TRAFFIC REGIONS

Network Airlines

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Sep 2018 in €m	Change ¹⁾ in %	Jan - Sep 2018 in thousands	Change in %	Jan - Sep 2018 in millions	Change in %	Jan - Sep 2018 in millions	Change in %	Jan - Sep 2018 in %	Change in %
Europe	6,576	8	61,065	9	63,802	8	49,763	10	78.0	1.1
America	5,189	2	8,978	5	82,019	4	68,752	5	83.8	0.5
Asia/Pacific	2,882	1	5,320	3	50,936	4	43,238	3	84.9	-0.4
Middle East/ Africa	1,081	-4	3,665	2	18,436	1	14,578	2	79.1	0.3
Total	15,728	4	79,028	8	215,194	5	176,331	6	81.9	0.4

¹⁾ IFRS 15 restatement in 2017.

Lufthansa German Airlines¹⁾

KEY FIGURES		Jan - Sep 2018	Jan - Sep 2017	Change in %
Revenue	€m	11,951	12,467	-4
Operating expenses	€m	10,987	11,578	-5
Adjusted EBITDA	€m	1,956	2,013	-3
Adjusted EBIT	€m	1,346	1,405	-4
EBIT	€m	1,350	1,269	6
Employees as of 30 Sep		34,679	33,482	4
Flights		435,923	407,944	7
Passengers ²⁾	thousands	53,325	49,778	7
Available seat-kilometres	millions	149,117	142,896	4
Revenue seat-kilometres ²⁾	millions	122,122	117,214	4
Passenger load factor	%	81.9	82.0	-0.1 pts

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

- Growth accelerated at Munich location: five Airbus A380s successfully relocated from Frankfurt; eleventh A350-900 stationed in Munich
- Customer services further expanded; additional digitalisation initiatives implemented
- Given the award of Best Airline in Europe and Best Western European Airline by Skytrax
- Revenue up by 4% excluding IFRS 15 effects due to volumes; total operating income up by 3% excluding IFRS 15 effects
- Operating expenses also increase by 3% due to volumes, adjusted for the effects of IFRS 15; rising fuel costs, increased expenses from irregularities in flight operations and higher MRO costs are compensated for in part by strict cost management in other items
- Adjusted EBIT is down by 4% on the previous year

SWISS¹⁾

KEY FIGURES		Jan - Sep 2018	Jan - Sep 2017	Change in %
Revenue	€m	3,679	3,568	3
Operating expenses	€m	3,305	3,249	2
Adjusted EBITDA	€m	739	646	14
Adjusted EBIT	€m	525	442	19
EBIT	€m	525	446	18
Employees as of 30 Sep		9,916	9,520	4
Flights ²⁾		129,635	123,865	5
Passengers ²⁾	thousands	15,540	14,191	10
Available seat-kilometres ²⁾	millions	45,127	42,044	7
Revenue seat-kilometres ²⁾	millions	37,531	34,426	9
Passenger load factor ²⁾	%	83.2	81.9	1.3 pts

¹⁾ Including Edelweiss Air.Further information on SWISS can be found at www.swiss.com.²⁾ Previous year's figures have been adjusted.

- Fleet renewal continues; two additional Boeing 777-300ERs incorporated into long-haul fleet and ten additional Bombardier C Series into short- and medium-haul fleet
- Newly opened lounges at Zurich Airport further enhance travel experience
- New premium catering concept SWISS Saveurs introduced on European flights departing from Geneva
- Revenue increases by 5%, adjusted for the effects of IFRS 15, primarily due to volumes
- Operating expenses are up by 3%, adjusted for the effects of IFRS 15; efficiency gains as a result of the fleet renewal cushion the impact from the rise in fuel costs
- Adjusted EBIT is up by 19% on the previous year

Austrian Airlines¹⁾

KEY FIGURES		Jan - Sep 2018	Jan - Sep 2017	Change in %
Revenue	€m	1,665	1,814	-8
Operating expenses	€m	1,644	1,797	-9
Adjusted EBITDA	€m	184	197	-7
Adjusted EBIT	€m	86	100	-14
EBIT	€m	92	106	-13
Employees as of 30 Sep		7,104	6,749	5
Flights		113,968	108,816	5
Passengers ²⁾	thousands	10,631	9,826	8
Available seat-kilometres ²⁾	millions	21,229	20,166	5
Revenue seat-kilometres ²⁾	millions	16,900	15,602	8
Passenger load factor	%	79.6	77.4	2.2 pts

¹⁾ Further information on Austrian Airlines can be found at www.austrian.com.²⁾ Previous year's figures have been adjusted.

- Premium Economy Class successfully introduced on long-haul routes
- New collective agreement concluded for cockpit and cabin crew, which will be valid until 2022
- Dr Alexis von Hoensbroech appointed as Chairman of the Executive Board
- Revenue up by 5% excluding IFRS 15 effects due to volumes; total operating income up by 3%, excluding IFRS 15 effects
- Operating expenses increase by 4%, adjusted for the effects of IFRS 15, primarily due to higher fuel costs and costs related to delays and flight cancellations; irregularities mainly caused by external factors such as bad weather and capacity shortages in air traffic control
- Adjusted EBIT is down by 14% on the previous year

EUROWINGS BUSINESS SEGMENT



KEY FIGURES EUROWINGS

		Jan - Sep 2018	Jan - Sep 2017	Change in %	Jul - Sep 2018	Jul - Sep 2017	Change in %
Revenue	€m	3,240	3,031	7	1,305	1,259	4
of which with companies of the Lufthansa Group	€m	3	0	-	3	0	-
Operating expenses	€m	3,522	3,092	14	1,275	1,173	9
Adjusted EBITDA	€m	144	282	-49	209	270	-23
Adjusted EBIT	€m	-65	145	-	134	222	-40
EBIT	€m	-65	144	-	134	221	-39
Adjusted EBIT margin	%	-2.0	4.8	-6.8 pts	10.3	17.6	-7.3 pts
Segment capital expenditure	€m	385	394	-2	57	44	30
Employees as of 30 Sep		9,288	7,074	31	9,288	7,074	31
Flights		244,653	209,479	17	91,179	78,862	16
Passengers	thousands	29,494	24,542	20	11,611	10,037	16
Available seat-kilometres	millions	49,036	40,010	23	19,057	15,750	21
Revenue seat-kilometres	millions	40,263	32,146	25	16,345	13,368	22
Passenger load factor	%	82.1	80.3	1.8 pts	85.8	84.9	0.9 pts
Yields ¹⁾	€ Cent	7.8	8.0	-1.9 ²⁾	7.8	8.0	-2.4 ³⁾
Unit revenue (RASK) ¹⁾	€ Cent	6.8	6.8	-0.4 ⁴⁾	7.0	7.3	-3.7 ⁵⁾
Unit cost (CASK) excluding fuel ¹⁾	€ Cent	5.5	5.3	5.2 ⁶⁾	5.0	4.9	2.1 ⁷⁾

¹⁾ On a like-for-like basis, also previous year including IFRS 15 effects.

²⁾ Exchange rate-adjusted change: -1.3%.

³⁾ Exchange rate-adjusted change: -2.3%.

⁴⁾ Exchange rate-adjusted change: 0.0%.

⁵⁾ Exchange rate-adjusted change: -4.6%.

⁶⁾ Exchange rate-adjusted change: 5.9%.

⁷⁾ Exchange rate-adjusted change: 2.0%.

- Strong growth achieved: 77 new aircraft from the former Air Berlin fleet integrated; around 3,000 employees hired
- Irregularities in flight operations caused by not obtaining approval for acquisition of NIKI Luftfahrt GmbH under antitrust law, delayed incorporation of the former Air Berlin aircraft into the fleet and capacity shortages in the European air traffic system have adverse effect on earnings development
- Long-term tariff agreements achieved for most flight operations
- Significant capacity growth due to taking on former Air Berlin aircraft as part of Air Berlin's insolvency, including the integration of Luftfahrtgesellschaft Walter and Thomas Cook Belgium
- Revenue increases by 22% due to volumes, adjusted for the effects of IFRS 15
- Constant currency unit revenues remain the same year on year, excluding IFRS 15 effects
- Operating expenses increase by 29%, adjusted for the effects of IFRS 15, due to volumes and as a result of higher fuel costs, one-off expenses for the integration of aircraft taken on and increased expenses due to irregularities in flight operations
- Constant currency unit costs excluding fuel are up by 5.9%, excluding IFRS 15 effects
- Adjusted EBIT is down on the previous year by EUR 210m
- Adjusted EBIT margin decreases by 6.8 percentage points to -2.0%; the Adjusted EBIT margin decreases by 6.6 percentage points to -1.8%, adjusted for the effects of IFRS 15

DEVELOPMENTS IN TRAFFIC REGIONS

Eurowings

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Sep 2018 in €m	Change ¹⁾ in %	Jan - Sep 2018 in thousands	Change in %	Jan - Sep 2018 in millions	Change in %	Jan - Sep 2018 in millions	Change in %	Jan - Sep 2018 in %	Change in pts
Short-haul	2,392	20	27,054	20	32,517	20	26,673	25	82.0	3.0
Long-haul	760	31	2,439	28	16,519	27	13,590	26	82.3	-0.7
Total	3,152	23	29,494	20	49,036	23	40,263	25	82.1	1.8

¹⁾ IFRS 15 restatement in 2017.

LOGISTICS BUSINESS SEGMENT

KEY FIGURES LOGISTICS

		Jan - Sep 2018	Jan - Sep 2017	Change in %	Jul - Sep 2018	Jul - Sep 2017	Change in %
Revenue	€m	1,960	1,752	12	659	594	11
of which with companies of the Lufthansa Group	€m	24	21	14	8	7	14
Operating expenses	€m	1,868	1,731	8	656	594	10
Adjusted EBITDA	€m	215	160	34	49	41	20
Adjusted EBIT	€m	153	98	56	28	20	40
EBIT	€m	150	105	43	25	21	19
Adjusted EBIT margin	%	7.8	5.6	2.2 pts	4.2	3.4	0.8 pts
Segment capital expenditure	€m	330	23	1,335	177	9	1,867
Employees as of 30 Sep		4,435	4,520	-2	4,435	4,520	-2
Available cargo tonne-kilometres	millions	10,073	9,581	5	3,524	3,380	4
Revenue cargo tonne-kilometres	millions	6,627	6,573	1	2,226	2,278	-2
Cargo load factor	%	65.8	68.6	-2.8 pts	63.2	67.4	-4.2 pts

- Cooperation launched with United Airlines
- Sales of cargo capacities taken over from Brussels Airlines
- Renewal of freighter fleet continues: two new Boeing 777Fs will be integrated into the fleet in spring 2019; another new Boeing 777F will be incorporated into Aerologic
- Revenue increases due to pricing
- Strategic cost-saving programme curbs the rise in operating expenses caused by higher fuel costs
- Adjusted EBIT is up by 56%, mainly because of higher yields

DEVELOPMENTS IN TRAFFIC REGIONS

Lufthansa Cargo

	Net traffic revenue external revenue		Available cargo tonne-kilometers		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Sep 2018 in €m	Change in %	Jan - Sep 2018 in €m	Change in %	Jan - Sep 2018 in €m	Change in %	Jan - Sep 2018 in %	Change in pts
Europe	142	2	509	0	233	-7	45.7	-3.7
America	772	13	4,661	6	2,894	2	62.1	-2.1
Asia/Pacific	809	17	4,128	9	3,125	3	75.7	-4.7
Middle East/Africa	118	-6	775	-11	376	-15	48.5	-2.0
Total	1,841	12	10,073	5	6,627	1	65.8	-2.8

MRO BUSINESS SEGMENT

KEY FIGURES MRO

		Jan - Sep 2018	Jan - Sep 2017	Change in %	Jul - Sep 2018	Jul - Sep 2017	Change in %
Revenue	€m	4,390	4,003	10	1,538	1,249	23
of which with companies of the Lufthansa Group	€m	1,582	1,328	19	583	427	37
Operating expenses	€m	4,247	3,928	8	1,485	1,227	21
Adjusted EBITDA	€m	412	418	-1	135	139	-3
Adjusted EBIT	€m	322	333	-3	104	111	-6
EBIT	€m	323	333	-3	103	110	-6
Adjusted EBIT margin	%	7.3	8.3	-1.0 pts	6.8	8.9	-2.1 pts
Segment capital expenditure	€m	161	155	4	55	57	-4
Employees as of 30 Sep		22,830	21,352	7	22,830	21,352	7

- New customer agreements concluded with a total value of around EUR 2.9bn
- Number of aircraft serviced under exclusive contracts increases to over 5,000
- Digital platform AVIATAR increases capacity with three new apps; ten partners and over 1,000 aircraft are already integrated
- Revenue up on the previous year due to volumes
- Revenue from Group companies increases faster than external revenue; key driver is increased share in engine business with Lufthansa German Airlines
- Operating expenses rise, primarily as a result of increase in cost of materials and services due to volumes and higher external services in engine business
- Adjusted EBIT decreases by 3% due to lower capacity use in the engine division

CATERING BUSINESS SEGMENT

KEY FIGURES CATERING

		Jan - Sep 2018	Jan - Sep 2017	Change in %	Jul - Sep 2018	Jul - Sep 2017	Change in %
Revenue	€m	2,413	2,437	-1	861	840	3
of which with companies of the Lufthansa Group	€m	531	499	6	196	178	10
Operating expenses	€m	2,374	2,427	-2	823	809	2
Adjusted EBITDA	€m	146	114	28	76	69	10
Adjusted EBIT	€m	99	66	50	59	53	11
EBIT	€m	94	67	40	54	53	2
Adjusted EBIT margin	%	4.1	2.7	1.4 pts	6.9	6.3	0.6 pts
Segment capital expenditure	€m	38	39	-3	14	11	27
Employees as of 30 Sep		35,618	34,997	2	35,618	34,997	2

- Construction of two new production facilities advances centralisation of production and logistics processes in Europe
- Opening of two new plants in Wenzhou, China, and in Lagos, Nigeria; extension ahead of time of the joint venture in Luanda, Angola
- Catering agreements extended with United Airlines, American Airlines, LATAM and Cathay Dragon
- Revenue decreases due to exchange rates despite increased volumes
- Operating expenses decrease as a result of favourable exchange rate developments and progress in the restructuring of the Europe business
- Adjusted EBIT rises by 50%

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

		Jan - Sep 2018	Jan - Sep 2017	Change in %	Jul - Sep 2018	Jul - Sep 2017	Change in %
Operating income	€m	2,017	2,081	-3	641	637	1
Operating expenses	€m	2,124	2,109	1	662	698	-5
Adjusted EBITDA	€m	-51	23		1	-45	
Adjusted EBIT	€m	-92	-17	-441	-14	-58	76
EBIT	€m	-94	-21	-348	-14	-60	77
Segment capital expenditure	€m	32	38	-16	11	6	83
Employees as of 30 Sep		11,163	11,141	0	11,163	11,141	0

- Operating income is down on the previous year
- Operating expenses are almost on the same level as in the previous year
- Adjusted EBIT decreases to EUR -92m; development largely due to the absence of exchange rate gains in Group Functions in the previous year, higher IT expenses at AirPlus and a decrease in earnings at Lufthansa Aviation Training

Opportunities and risk report

The opportunities and risks for the Group described in detail in the Annual Report 2017 have materialised or developed as follows:

- According to the forecast of the International Monetary Fund (IMF), there is a risk that international trade disputes will lead to a slight weakening in the global economic boom that began in 2016, resulting in a slight economic slowdown both in Germany and in the eurozone; however, the Lufthansa Group's passenger growth remains strong at the major hubs
- The risk from currently increasing fuel prices is counteracted by price hedging instruments
- The ever increasing threat of cyberattacks is countered by a cybersecurity strategy, which will lead to greater resilience against potential attacks
- The faltering Brexit negotiations are leading to sustained uncertainty; various scenarios are being posited to prepare for a hard Brexit

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

For the financial year 2018, Lufthansa Group is still expecting revenue excluding IFRS 15 effects to be significantly above the previous year and Adjusted EBIT to be slightly below the previous year.

In comparison with the original forecast, the revenue and earnings outlook has changed for individual companies. Details can be found in the table below.

FORECAST TRAFFIC FIGURES PASSENGER AIRLINES

	Values 2017	Forecast for 2018
Capacity (ASK)		
	322,821	+8.0% including 6.0% organic growth ¹⁾
Unit revenue (RASK, at constant currency)	+1.9%	slightly above previous year ¹⁾²⁾
Unit costs (CASK, at constant currency and excluding fuel)	-0.4%	approximately 1.0% below previous year ¹⁾²⁾

¹⁾ Forecast has been adjusted compared with the Annual Report 2017.

²⁾ Adjusted for the effects of the first-time application of financial reporting standard IFRS 15.

FORECAST REVENUE AND ADJUSTED EBIT

	Revenue		Adjusted EBIT	
	Revenue 2017 in €m	Forecast for 2018 ¹⁾	Adjusted EBIT 2017 in €m	Forecast for 2018
Lufthansa German Airlines	16,441		1,627	slightly below previous year
SWISS	4,727		542	above previous year ²⁾
Austrian Airlines	2,358		94	below previous year ²⁾
Network Airlines	23,317	slightly above previous year	2,263	slightly below previous year
Eurowings	4,041	significantly above previous year	94	negative ²⁾
Logistics	2,524	above previous year ²⁾	242	roughly stable ²⁾
MRO	5,404	above previous year ²⁾	415	roughly stable ²⁾
Catering	3,219	slightly below previous year	66	significantly above previous year ²⁾
Additional Businesses and Group Functions	446		-130	below previous year ²⁾
Internal revenue/Reconciliation	-3,372		23	
Lufthansa Group reported	35,579	significantly above previous year	2,973	slightly below previous year

¹⁾ Each adjusted for the effects of the first-time application of financial reporting standard IFRS 15.

²⁾ Forecast has been adjusted compared with the Annual Report 2017.

Consolidated income statement

January – September 2018

CONSOLIDATED INCOME STATEMENT				
in €m	Jan – Sep 2018	Jan – Sep 2017	Jul – Sep 2018	Jul – Sep 2017
Traffic revenue	21,145	21,360	7,989	8,067
Other revenue	5,752	5,401	1,970	1,743
Total revenue	26,897	26,761	9,959	9,810
Changes in inventories and work performed by entity and capitalised	35	97	9	22
Other operating income	1,234	1,650	386	551
Cost of materials and services	-13,847	-14,230	-5,083	-4,961
Staff costs	-6,529	-6,456	-2,190	-2,162
Depreciation	-1,376	-1,460	-478	-600
Other operating expenses	-4,186	-4,067	-1,342	-1,352
Profit/loss from operating activities	2,228	2,295	1,261	1,308
Result of equity investments accounted for using the equity method	106	115	77	87
Result of other equity investments	27	25	13	9
Interest income	39	46	12	10
Interest expenses	-159	-247	-47	-78
Other financial items	25	116	-5	132
Financial result	38	55	50	160
Profit/loss before income taxes	2,266	2,350	1,311	1,468
Income taxes	-499	-470	-239	-279
Profit/loss after income taxes	1,767	1,880	1,072	1,189
Profit/loss attributable to minority interests	-25	-27	-7	-8
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	1,742	1,853	1,065	1,181
Basic/diluted earnings per share in €	3.69	3.95	2.26	2.52

Statement of comprehensive income

January – September 2018

STATEMENT OF COMPREHENSIVE INCOME				
in €m	Jan – Sep 2018	Jan – Sep 2017	Jul – Sep 2018	Jul – Sep 2017
Profit/loss after income taxes	1,767	1,880	1,072	1,189
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	67	-217	34	-36
Subsequent measurement of financial assets at fair value through profit or loss	-1	108	5	47
Subsequent measurement of cash flow hedges – cash flow hedge reserve	837	-776	61	-30
Subsequent measurement of cash flow hedges – costs of hedging	-40		35	
Other comprehensive income from investments accounted for using the equity method	3	11	2	8
Other expenses and income recognised directly in equity	-1	-19	-1	-3
Income taxes on items in other comprehensive income	-197	170	-25	1
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	189	634	611	164
Other comprehensive income	0*	0*	-2	0*
Income taxes on items in other comprehensive income	-116	-41	-171	-1
Other comprehensive income after income taxes	741	-130	549	150
Total comprehensive income	2,508	1,750	1,621	1,339
Comprehensive income attributable to minority interests	-25	-16	-7	-5
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	2,483	1,734	1,614	1,334

* Rounded below EUR 1m.

Statement of financial position as of 30 September 2018

STATEMENT OF FINANCIAL POSITION - ASSETS			
in €m	30 Sep 2018	31 Dec 2017	30 Sep 2017
Intangible assets with an indefinite useful life ¹⁾	1,377	1,343	1,344
Other intangible assets	492	492	495
Aircraft and reserve engines	17,020	15,959	15,495
Repairable spare parts for aircraft	1,995	1,758	1,730
Property, plant and other equipment	2,180	2,186	2,164
Investments accounted for using the equity method	684	585	603
Other equity investments	239	221	213
Non-current securities	44	32	26
Loans and receivables	484	475	488
Derivative financial instruments	899	642	750
Deferred charges and prepaid expenses	11	9	10
Effective income tax receivables	17	12	11
Deferred tax assets	1,326	1,523	1,308
Non-current assets	26,768	25,237	24,637
Inventories	923	907	860
Contract assets ²⁾	228	-	-
Trade receivables and other receivables	5,834	5,314	6,021
Derivative financial instruments	1,071	600	317
Deferred charges and prepaid expenses	298	197	188
Effective income tax receivables	38	58	36
Securities	2,681	2,551	4,942
Cash and cash equivalents	1,400	1,397	1,518
Assets held for sale	6	6	5
Current assets	12,479	11,030	13,887
Total assets	39,247	36,267	38,524

¹⁾ Including goodwill.

²⁾ Recognition will occur separately for the first time from the 2018 financial year in accordance with IFRS 15.

STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	30 Sep 2018	31 Dec 2017	30 Sep 2017
Issued capital	1,213	1,206	1,204
Capital reserve	313	263	242
Retained earnings	5,973	4,141	3,571
Other neutral reserves	2,099	1,521	1,601
Net profit/loss	1,742	2,364	1,853
Equity attributable to shareholders of Deutsche Lufthansa AG	11,340	9,495	8,471
Minority interests	105	103	101
Shareholders' equity	11,445	9,598	8,572
Pension provisions	4,801	5,116	7,888
Other provisions	554	601	560
Borrowings	5,257	6,142	6,351
Contract liabilities ¹⁾	43	-	-
Other financial liabilities	139	243	123
Advance payments received, deferred income and other non-financial liabilities	66	1,289	1,332
Derivative financial instruments	144	190	163
Deferred tax liabilities	738	449	467
Non-current provisions and liabilities	11,742	14,030	16,884
Other provisions	874	990	996
Borrowings	1,274	672	587
Trade payables and other financial liabilities	6,155	5,250	5,892
Contract liabilities from unused flight documents	4,491	3,773	4,067
Other contract liabilities ¹⁾	2,258	-	-
Advance payments received, deferred income and other non-financial liabilities	411	992	1,066
Derivative financial instruments	37	124	111
Effective income tax obligations	560	838	349
Current provisions and liabilities	16,060	12,639	13,068
Total shareholders' equity and liabilities	39,247	36,267	38,524

¹⁾ Recognition will occur separately for the first time from the 2018 financial year in accordance with IFRS 15.

Consolidated statement of changes in shareholders' equity as of 30 September 2018

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued capital	Capital reserve	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Other neutral reserves	Total other neutral reserves	Retained earnings	Net profit/loss	Equity attributable to shareholders of Deutsche Lufthansa AG	Minority interests	Total shareholders' equity
in €m												
As of 31 Dec 2016	1,200	222	1,081	670	236	326	2,313	1,549	1,776	7,060	89	7,149
Capital increases/reductions	4	20	-	-	-	-	-	-	-	24	-	24
Reclassifications	-	-	-	-	-	-	-	1,542	-1,542	-	-	-
Dividends to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	-234	-234	-15	-249
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	11	11
Consolidated net profit/loss attributable to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	1,853	1,853	27	1,880
Other expenses and income recognised directly in equity	-	-	-498	-217	-	3	-712	480	-	-232	-11	-243
As of 30 Sep 2017	1,204	242	583	453	236	329	1,601	3,571	1,853	8,471	101	8,572
As of 31 Dec 2017	1,206	263	693	266	236	326	1,521	4,141	2,364	9,495	103	9,598
Restatement IFRS 9	-	-	-90	-	-	-	-90	82	-	-8	-	-8
Restatement IFRS 15	-	-	-	-	-	-	-	-310	-	-310	-	-310
Adjusted as of 1 Jan 2018	1,206	263	603	266	236	326	1,431	3,913	2,364	9,177	103	9,280
Capital increases/reductions	7	50	-	-	-	-	-	-	-	57	-	57
Reclassifications	-	-	-	-	-	-	-	1,987	-1,987	-	-	-
Dividends to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	-377	-377	-23	-400
Transactions with minority interests	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated net profit/loss attributable to Lufthansa shareholders/ minority interests	-	-	-	-	-	-	-	-	1,742	1,742	25	1,767
Other expenses and income recognised directly in equity	-	-	599	67	-	2	668	73	-	741	-	741
As of 30 Sep 2018	1,213	313	1,202	333	236	328	2,099	5,973	1,742	11,340	105	11,445

Consolidated cash flow statement

January – September 2018

CONSOLIDATED CASH FLOW STATEMENT				
in €m	Jan – Sep 2018	Jan – Sep 2017	Jul – Sep 2018	Jul – Sep 2017
Cash and cash equivalents 1 Jan	1,218	1,138	1,286	1,515
Net profit/loss before income taxes	2,266	2,350	1,311	1,468
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,369	1,395	473	540
Depreciation, amortisation and impairment losses on current assets (net of reversals)	24	54	13	7
Net proceeds on disposal of non-current assets	-1	-34	1	-7
Result of equity investments	-133	-140	-90	-96
Net interest	120	201	35	68
Income tax payments/reimbursements	-502	-179	-410	-87
Significant non-cash-relevant expenses/income	-157	-139	-46	-142
Change in trade working capital	947	596	-663	-951
Change in other assets/shareholders' equity and liabilities	-162	355	129	433
Cash flow from operating activities	3,771	4,459	753	1,233
Capital expenditure for property, plant and equipment and intangible assets	-2,462	-1,928	-549	-551
Capital expenditure for financial investments	-34	-34	-20	-14
Additions/loss to repairable spare parts for aircraft	-255	-193	-57	-57
Proceeds from disposal of non-consolidated equity investments	1	7	-	7
Proceeds from disposal of consolidated equity investments	2	-	2	-
Cash outflows for acquisitions of non-consolidated equity investments	-39	-31	-22	-30
Cash outflows for acquisitions of consolidated equity investments	-12	191	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	74	100	18	15
Interest income	39	154	10	51
Dividends received	67	65	40	36
Net cash from/used in investing activities	-2,619	-1,669	-578	-543
Purchase of securities/fund investments	-3,003	-2,514	-861	-645
Disposal of securities/fund investments	2,612	76	781	26
Net cash from/used in investing and cash management activities	-3,010	-4,107	-658	-1,162
Capital increase	-	-	-	-
Transactions by minority interests	1	-	1	-
Non-current borrowing	260	1,072	160	-
Repayment of non-current borrowing	-572	-827	-252	-210
Dividends paid	-344	-226	-2	-1
Interest paid	-52	-179	-23	-61
Net cash from/used in financing activities	-707	-160	-116	-272
Net increase/decrease in cash and cash equivalents	54	192	-21	-201
Changes due to currency translation differences	-11	-29	-4	-13
Cash and cash equivalents 30 Sep¹⁾	1,261	1,301	1,261	1,301
Securities	2,681	4,942	2,681	4,942
Liquidity	3,942	6,243	3,942	6,243
Net increase/decrease in liquidity	173	2,424	86	326

¹⁾ Excluding fixed-term deposits with terms of three to twelve months (2018: EUR 139m, 2017: EUR 217m).

Notes

1 Standards applied and changes in the group of consolidated companies

The consolidated financial statements of Deutsche Lufthansa AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee (IFRS IC) as applicable in the European Union (EU). This interim report as of 30 September 2018 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 2018 have been applied. The interim financial statements as of 30 September 2018 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2017 were based. The standards and interpretations mandatory from 1 January 2018 onwards, particularly IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, had the following effects on the Group's net assets, financial and earnings position.

IFRS 15

Based on the modified retrospective method, the cumulative effects of the changes were recognised in retained earnings as of 1 January 2018. The following table summarises the adjustment effects of the first-time adoption of IFRS 15 on retained earnings as of 1 January 2018:

RETAINED EARNINGS	
in €m	Effect of adopting IFRS 15 at 1 Jan 2018
Shift in timing of recognition for fees	29
Customer loyalty programmes	385
Related taxes	-104
Effect at 1 Jan 2018	310

DETAILED PRESENTATION OF THE EFFECTS

IFRS 15 resulted in a shifting of the recognition date for certain items of other revenue (particularly rebooking fees) from the transaction date to the date of use.

The shifting of the recognition date also has an impact on the recognition of expired miles in the miles programme. These will no longer be recognised directly through profit or loss in the year of collection, but rather recognised as collected pro rata. The sum continues to include adjustments due to the introduction of a redesigned data model for the total amount of miles outstanding in relation to the introduction of IFRS 15.

PRESENTATION OF THE CHANGES IN RECOGNITION

Contractual items that have not been performed in full are to be presented in the balance sheet as contract assets or liabilities (current and non-current, in each case). Obligations in respect of unused flight documents are still presented separately. As of 1 January 2018, liabilities relating to customer loyalty programmes are recognised under other current contract liabilities. They were previously accounted for under non-financial liabilities and deferrals and accruals (non-current and current). Since the timing of the fulfilment of these obligations is beyond the control of the Company, they are all presented as current, in accordance with IFRS 15. As a result, as of 1 January 2018, there is a reclassification of debts amounting to EUR 1,237m from non-current to current. In addition, the short-term component of the customer loyalty programmes, which was previously recognised under received advance payments and deferred income in the amount of EUR 532m, was reclassified as other contract liabilities. Also included are obligations from works in progress in connection with longer-term production and/or service contracts. Here, advance payments received and other provisions in the amount of EUR 95m were reclassified as of 1 January 2018.

From 2018 onwards, for ticket revenue, the airport fees received and the corresponding airport invoices will no longer be recognised in the income statement. Applied until 30 September 2018, this approach reduced revenue and expenses by EUR 1,726m. Otherwise, there are no material differences between revenue recognition under IFRS 15 and revenue recognition under IAS 11 or IAS 18. Also, in connection with IFRS 15, income from training and travel management was reclassified from other operating income to revenue. This had the effect of increasing revenue by EUR 270m until 30 September 2018. In the prior-year period, EUR 342m was shown under other operating income.

IFRS 9

In accordance with the transitional provisions of IFRS 9, Financial Instruments, the Lufthansa Group has not adjusted the figures for the previous year and recognised the cumulative transitional effects as of 1 January 2018 in retained earnings.

In phase I ("classification"), the transition of share items held as securities from the IAS 39 category "available for sale" (AfS) to the IFRS 9 category "fair value through profit or loss" (FVTPL) only leads to a transfer within reserves, between the cumulative market value reserve and retained earnings (EUR 43m). There are also transfer effects due to the reclassification of a share item from AfS to fair value without effect on profit and loss (without recycling) (EUR 12m). Debt instruments are still generally classified as at fair value without effect on profit and loss. There are no reclassification effects in phase I for loans and receivables, either, since they are still held at amortised cost.

As part of phase II ("impairment rules"), the first-time application of the expected loss model in line with IFRS 9 led to an additional need to recognise an impairment of EUR 8m (after tax), which was recognised in equity without effect on profit or loss as of 1 January 2018. The effects from this on income until 30 September 2018 were immaterial.

For fuel hedging transactions, the Group uses the component approach, with crude oil as the designated component and regular rebalancing. This leads to a reduction in volatility in the income statement from changes in the market value of derivatives. Accounting for the time values of options without effect on profit and loss under IFRS 9 means that the changes in time value previously recognised through profit or loss as of year-end 2017 were transferred within equity to the market value reserve as of 1 January 2018 (EUR -46m). The effects from this as of 30 September 2018 were immaterial. For materiality reasons, no adjustments are made in the interim report to the previous year's figures in the statement of financial position, the income statement and the statement of comprehensive income. The conversion would reduce the market value reserve as of 1 January 2017 by EUR 58m to EUR 1,023m, while retained earnings would increase accordingly to EUR 1,607m. The financial result would fall by EUR 72m as of 30 September 2017 to EUR -17m, while profit after income taxes would decrease by EUR 55m to EUR 1,825m. Earnings per share would fall by EUR 0.12 to EUR 3.83.

In the area of exchange rate hedging with forward contracts, the Lufthansa Group has been using the spot-to-spot method since 1 January 2018. This involves the spot component of a forward contract being designated as a hedging instrument. The other components of the forward – the scheduling components and the basis spread – are recognised as the separate item "Cost of hedging" within the market value reserve. This does not have any material impact on the statement of financial position, the income statement or the statement of comprehensive income.

CHANGES IN THE GROUP OF CONSOLIDATED COMPANIES

With effect from 9 January 2018, Lufthansa Commercial Holding GmbH acquired all the shares in Luftfahrtgesellschaft Walter mbH. The acquisition is based on the purchase agreement signed by the Lufthansa Group and the Air Berlin group on 13 October 2017. The purchase price is EUR 24m. Within the Eurowings segment, the company acts as a platform with its own air operator certificate and provides services to Eurowings on the basis of wet-lease agreements for 20 Bombardier DH-8 Q400s and ten Airbus A320/A319s. The company operates without its own fleet and solely within Eurowings. At the time of initial consolidation, it had gross assets of EUR 19m and net assets of EUR 1m. The difference of EUR 23m resulting from the purchase price allocation was classified in full as goodwill, given the peculiarities of the acquired business operations, and assigned to Eurowings. Since it only provides services within the Group, the effects on Group earnings are immaterial.

The other changes to the group of consolidated companies had no significant effects on the Group's net assets, financial and earnings position.

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

ASSETS HELD FOR SALE

in €m	30 Sep 2018	31 Dec 2017	30 Sep 2017
Assets			
Aircraft and reserve engines	3	-	-
Financial assets	-	-	-
Other assets	3	6	5

In the following tables, revenue is disaggregated by primary geographical markets and the Group's major operating areas.

TRAFFIC REVENUE BY AREA OF OPERATIONS

	2018	Europe ¹⁾	North America ¹⁾	Central and South America ¹⁾	Asia/Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾	2017 ²⁾
in €m								
Network Airlines	16,090 ³⁾	10,416	2,844	446	1,754	419	211	16,707 ³⁾
Lufthansa German Airlines	10,985							11,563
SWISS	3,586							3,484
Austrian Airlines	1,519							1,660
Eurowings	3,214 ³⁾	2,886	129	7	46	24	122	3,009 ³⁾
Logistics	1,841	952	187	76	573	18	35	1,644
Total	21,145							21,360

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

²⁾ Application of the modified retrospective approach; revenue measured for 2017 according to IAS 11 and IAS 18.

³⁾ 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

	2018	Europe	North America	Central and South America	Asia/Pacific	Middle East	Africa	2017 ¹⁾
in €m								
MRO	2,808	1,212	656	133	587	93	127	2,675
MRO services	2,511							2,286
Other operating revenue	297							389
Catering	1,882	374	943	112	377	45	31	1,938
Catering services	1,520							1,589
Revenue from in-flight sales	106							77
Other services	256							272
Network Airlines	463	370	39	3	39	7	5	486
Eurowings	22	15	2	-	-	-	5	22
Logistics	94	49	36	-	4	5	-	86
Additional Businesses and Group Functions	483	380	36	9	45	8	5	194
IT services	215							194
Travel management	207							-
Other	62							-
Total	5,752							5,401

¹⁾ Application of the modified retrospective approach; revenue measured for 2017 according to IAS 11 and IAS 18.

Detailed comments on the income statement, the statement of financial position, the cash flow statement and the segment reporting can also be found in the [interim management report, p. 1 - 11](#).

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 balance sheet date

CONTINGENT LIABILITIES		
in €m	30 Sep 2018	31 Dec 2017
From guarantees, bills of exchange and cheque guarantees	903	881
From warranty contracts	215	354
From providing collateral for third-party liabilities	41	39
	1,159	1,274

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 63m in total (as of 31 December 2017: EUR 80m).

At the end of September 2018, there were order commitments of EUR 13,769m for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. As of 31 December 2017, the order commitments came to EUR 12,953m.

Contracts for the sale of aircraft signed as of 31 December 2017 yielded profits and cash receipts of less than EUR 1m by 30 September 2018.

Since 30 September 2018, 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.

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 unchanged for the measurement.

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 September 2018, the fair value hierarchy for assets and liabilities held at fair value was as follows:

ASSETS AS OF 30 SEP 2018

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Financial derivatives classified as held for trading	-	26	-	26
Securities	980	2	-	982
Total financial assets through profit and loss	980	28	-	1,008
Derivative financial instruments which are an effective part of a hedging relationship				
	-	1,943	-	1,943
Financial assets at fair value without effect on profit and loss				
Equity instruments	16	17	-	33
Debt instruments	-	1,481	-	1,481
Total assets	996	3,469	-	4,465

LIABILITIES AS OF 30 SEP 2018

in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	-	19	-	19
Derivative financial instruments which are an effective part of a hedging relationship	-	163	-	163
Total liabilities	-	182	-	182

As of 31 December 2017, the fair value hierarchy for assets and liabilities held at fair value was as follows:

ASSETS AS OF 31 DEC 2017				
in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Financial derivatives classified as held for trading	-	131	-	131
Securities	-	-	-	-
Total financial assets through profit and loss	-	131	-	131
Derivative financial instruments which are an effective part of a hedging relationship				
	-	1,110	-	1,110
Financial assets at fair value without effect on profit and loss				
	410	2,173	-	2,583
Equity instruments	410	13	-	423
Debt instruments	-	2,160	-	2,160
Total assets	410	3,414	-	3,824

LIABILITIES AS OF 31 DEC 2017				
in €m	Level 1	Level 2	Level 3	Total
Derivative financial instruments at fair value through profit or loss	-	123	-	123
Derivative financial instruments which are an effective part of a hedging relationship	-	191	-	191
Total liabilities	-	314	-	314

Since the start of the year, the simplified evidence of effectiveness required by IFRS 9 means that cross-currency swaps used to hedge foreign currency liabilities are now designated as a hedging instrument. The cross-currency swaps are designated both as fair value hedges and as cash flow hedges. This reduces both the market value of, and the earnings item pertaining to, stand-alone derivatives and the exchange rate effect of financial liabilities, which is offset by the opposing exchange rate effect of the cross-currency swaps used to hedge them.

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

The fair values of debt instruments 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 and other receivables, trade payables and other liabilities is assumed to be a realistic estimate of fair value.

FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES

in €m	30 Sep 2018		31 Dec 2017	
	Carrying amount	Market value	Carrying amount	Market value
Bonds	1,007	1,043	1,005	1,063
Liabilities to banks	2,001	2,046	2,044	2,113
Leasing liabilities and other loans	3,523	3,462	3,765	3,722
Total	6,531	6,551	6,814	6,898

6 Earnings per share

		30 Sep 2018	30 Dec 2017
Basic earnings per share	€	3.69	3.95
Consolidated net profit/loss	€m	1,742	1,853
Weighted average number of shares		472,268,298	469,463,497
Diluted earnings per share	€	3.69	3.95
Consolidated net profit/loss	€m	1,742	1,853
Weighted average number of shares		472,268,298	469,463,497

7 Issued capital

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

A resolution passed at the Annual General Meeting held on 29 April 2015 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 Stock Corporation Act (AktG) to purchase treasury shares until 28 April 2020. The authorisation is limited to 10% of current issued capital. According to the resolution of the Annual General Meeting held on 29 April 2015, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

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

Following a resolution of the Annual General Meeting held on 8 May 2018, the distributable profit of EUR 377m shown in the 2017 financial statements was paid out as dividends. This corresponds to a dividend of EUR 0.80 per share for the financial year 2017.

Dividend rights can be converted into new shares under consideration of a base dividend contribution. In this regard, 2.4 million new shares were distributed with a value of EUR 55.9m.

B Segment reporting

Segment reporting has also been adjusted in line with the internal management reporting, which now focuses more on the performance indicator Adjusted EBIT. The individual expense and income categories no longer include the reconciliation items (especially impairment losses and pension

measurement effects). The resulting performance indicator is therefore Adjusted EBIT. The reconciliation items and the resulting EBIT are then shown as additional information. The previous year's figures are presented accordingly.

There have been no changes in the segmentation compared with the financial statements as of 31 December 2017.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Sep 2018

	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Recon- ciliation	Group
in €m									
External revenue	16,551	3,237	1,936	2,808	1,882	26,414	483	-	26,897
of which traffic revenue	15,728	3,152	1,841	-	-	20,721	-	424	21,145
Inter-segment revenue	543	3	24	1,582	531	2,683	259	-2,942	-
Total revenue	17,094	3,240	1,960	4,390	2,413	29,097	742	-2,942	26,897
Other operating income	510	185	35	167	38	935	1,275	-964	1,246
Total operating income	17,604	3,425	1,995	4,557	2,451	30,032	2,017	-3,906	28,143
Operating expenses	15,670	3,522	1,868	4,247	2,374	27,681	2,124	-3,891	25,914
of which cost of materials	9,075	2,419	1,308	2,504	1,031	16,337	195	-2,685	13,847
of which staff costs	3,078	460	309	1,050	897	5,794	741	-7	6,528
of which depreciation and amortisation	920	209	62	90	47	1,328	41	-1	1,368
of which other operating expenses	2,597	434	189	603	399	4,222	1,147	-1,198	4,171
Results of equity investments	26	32	26	12	22	118	15	0*	133
of which result of investments accounted for using the equity method	25	32	21	6	21	105	1	-	106
Adjusted EBIT	1,960	-65	153	322	99	2,469	-92	-15	2,362
of which reconciliation items									
Impairment losses/gains	1	-	-2	6	-5	-	-2	1	-1
Effects from pension provisions	0*	-	-	-	-	0*	0*	-1	-1
Results of disposal of assets	9	0*	-1	-5	0*	3	0*	-2	1
EBIT¹⁾	1,970	-65	150	323	94	2,472	-94	-17	2,361
Total adjustments									1
Other financial result									-95
Profit/loss before income taxes									2,266
Capital employed at end of period ²⁾	9,586	2,121	1,310	4,634	1,285	18,936	2,690	-212	21,414
of which from investments accounted for using the equity method	77	155	47	280	145	704	5	-25	684
Segment capital expenditure	1,593	385	330	161	38	2,507	32	8	2,547
of which from investments accounted for using the equity method	-	-	-	32	-	32	-	-	32
Number of employees at end of period	51,699	9,288	4,435	22,830	35,618	123,870	11,163	-	135,033

* Rounded below EUR 1m.

¹⁾ For detailed reconciliation from EBIT to Adjusted EBIT see p. 4 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 Jan - Sep 2017

	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation	Group
in €m									
External revenue	17,192	3,031	1,731	2,675	1,938	26,567	194	-	26,761
of which traffic revenue	16,370	2,945	1,644	-	-	20,959	-	401	21,360
Inter-segment revenue	503	0*	21	1,328	499	2,351	131	-2,482	-
Total revenue	17,695	3,031	1,752	4,003	2,437	28,918	325	-2,482	26,761
Other operating income	612	156	58	240	32	1,098	1,756	-1,211	1,643
Total operating income	18,307	3,187	1,810	4,243	2,469	30,016	2,081	-3,693	28,404
Operating expenses	16,378	3,092	1,731	3,928	2,427	27,556	2,109	-3,681	25,984
of which cost of materials	9,736	2,208	1,172	2,252	1,062	16,430	169	-2,369	14,230
of which staff costs	3,108	352	317	995	915	5,687	733	-5	6,415
of which depreciation and amortisation	907	137	62	85	48	1,239	40	-3	1,276
of which other operating expenses	2,627	395	180	596	402	4,200	1,167	-1,304	4,063
Results of equity investments	18	50	19	18	24	129	11	0*	140
of which result of investments accounted for using the equity method	15	50	14	14	21	114	1	-	115
Adjusted EBIT	1,947	145	98	333	66	2,589	-17	-12	2,560
of which reconciliation items									
Impairment losses/gains	-105	-	6	-	-1	-100	-15	-3	-118
Effects from pension provisions	-41	-1	-	-	-	-42	-	1	-41
Results of disposal of assets	22	0*	1	0*	2	25	11	-2	34
EBIT¹⁾	1,823	144	105	333	67	2,472	-21	-16	2,435
Total adjustments									125
Other financial result									-85
Profit/loss before income taxes									2,350
Capital employed at the end of period ²⁾	9,674	1,780	1,139	4,010	1,278	17,881	4,929	-111	22,699
of which from investments accounted for using the equity method	48	148	43	224	134	597	5	1	603
Segment capital expenditure	1,339	394	23	155	39	1,950	38	-186	1,802
of which from investments accounted for using the equity method	-	-	-	23	-	23	-	-	23
Number of employees at end of period	49,751	7,074	4,520	21,352	34,997	117,694	11,141	-	128,835

* Rounded below EUR 1m.

¹⁾ For detailed reconciliation from EBIT to Adjusted EBIT see p. 4 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).

FIGURES BY REGION Jan - Sep 2018

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/Pacific	Middle East	Africa	Total
Traffic revenue ¹⁾	14,254	6,644	3,160	2,822	529	2,373	461	368	21,145
Other operating revenue	2,400	769	1,712	1,432	257	1,052	158	173	5,752
Total revenue	16,654	7,413	4,872	4,254	786	3,425	619	541	26,897

¹⁾ Allocated according to the original location of sale.

FIGURES BY REGION Jan - Sep 2017

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/Pacific	Middle East	Africa	Total
Traffic revenue ¹⁾	14,074	6,390	3,393	3,049	519	2,453	541	380	21,360
Other operating revenue	2,137	705	1,557	1,312	226	1,059	248	174	5,401
Total revenue	16,211	7,095	4,990	4,361	745	3,512	789	554	26,761

¹⁾ Allocated according to the original location of sale.

9 Related party disclosures

As stated in [Note 46](#) to the consolidated financial statements in the Annual Report 2017, [p.177ff.](#), the segments in the Lufthansa Group render numerous services to affiliated companies within the scope of their ordinary business activities and also receive services from them. These extensive supply and service relationships take place unchanged on the basis of market prices. There have been no significant changes in comparison with the balance sheet date. The contractual relationships with the group of related parties described in the [Remuneration report of the Annual Report 2017, p. 87ff.](#), and in [Note 47, p. 180](#), of the 2017 consolidated financial statements also still exist unchanged, but are not of material significance for the Group.

10 Published standards that have not yet been applied

IFRS 16, Leases, must be applied from 1 January 2019. Currently, the payment obligations arising from operating leases only have to be disclosed in the Notes. In the future, the rights and obligations related to such leases are required to be recognised as assets (right-of-use asset) and liabilities (lease liability) in the statement of financial position. The Lufthansa Group will adopt the modified retrospective approach to the introduction of this standard. Under this approach, the comparable figures for the previous year are not adjusted and all adjustment effects as of 1 January 2019

are therefore to be presented as adjustments to retained earnings. In addition, the Lufthansa Group will recognise the right-of-use assets on the basis of the corresponding lease liabilities upon first-time application and not in the amount of the carrying amounts of the lease liabilities at the start of the contract, such that IFRS 16 has no impact on equity as of 1 January 2019. Short-term leases with a term of less than twelve months (and containing no purchase options) and leases where the underlying asset has a low value will not be recognised. The same applies to contracts with a remaining term of less than a year upon first-time application.

The Lufthansa Group has set up a Group-wide project and has rolled out a Group-wide IT system to implement the new leasing standard. The Group is currently analysing the data collected on the existing leases.

In view of the contracts currently concluded and based on a preliminary evaluation, the Group is anticipating an increase in total assets of approximately EUR 2.0bn. This figure is expected to increase by the end of the year on the basis of ongoing negotiations regarding material leases and new leases that could potentially be concluded. Based on the total assets as of 31 December 2017 and the contracts as they stand, the first-time application of IFRS 16 would result in a decrease of approximately 1.5 percentage points in the equity ratio.

The expenses related to operating leases are currently shown in the income statement under cost of materials and services and other operating expenses. Henceforth, write-downs on right-of-use assets and interest expenses for lease liabilities will be recognised. These changes in presentation are not likely to have any significant impact on the result from operating activities (EBIT), while net interest will be affected in the medium double-digit million range.

In addition, the change in the presentation of the expenses related to operating leases will result in a transfer from cash flow from financing activities to 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. Based on the current contracts, this effect will be in the range of EUR 300m and EUR 400m per annum.

Declaration by the legal representatives

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

Frankfurt, 26 October 2018
Executive Board



Carsten Spohr
Chairman of the
Executive Board and CEO



Thorsten Dirks
Member of the Executive Board
Eurowings and Aviation Services



Harry Hohmeister
Member of the Executive Board
Hub Management



Ulrik Svensson
Member of the Executive Board
Chief Financial Officer



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

Credits

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The Lufthansa 3rd Interim Report is a translation of the original German Lufthansa Zwischenbericht 3/2018. Please note that only the German version is legally binding.

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

Financial calendar 2019

- 14 Mar** Release of Annual Report 2018
- 30 Apr** Release of Interim Report January – March 2019
- 7 May** Annual General Meeting
- 30 Jul** Release of Interim Report January – June 2019
- 29 Oct** Release of Interim Report January – September 2019

Disclaimer in respect of forward-looking statements

Information published in the 3rd Interim Report 2018, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive facts. Its purpose is exclusively informational, and can be identified by the use of such cautionary terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate”, “anticipate”, “can”, “could”, “should” or “endeavour”. These forward-looking statements are based on discernible information, facts and expectations available at the time that the statements were made. They are therefore subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the Opportunities and risk report in the Annual Report. Should one or more of these risks occur, or should the underlying expectations or assumptions fail to materialise, this could have a significant effect (either positive or negative) on the actual results.

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

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.