1ST INTERIM REPORT

January – March 2020

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LUFTHANSA GROUP

The Lufthansa Group

KEY FIGURES LUFTHANSA GROUP

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue and result				
Total revenue[1]	€m	6,441	7,838	-18
of which traffic revenue[1]	€m	4,539	5,805	-22
Operating expenses[1]	€m	8,162	8,682	-6
Adjusted EBITDA	€m	-540	321	
Adjusted EBIT	€m	-1,220	-336	-263
EBIT	€m	-1,622	-344	-372
Net profit/loss	€m	-2,124	-342	-521
Key balance sheet and cash flow statement figures				
Total assets	€m	43,352	42,761	1
Equity	€m	7,497	9,742	-23
Equity ratio	%	17.3	22.8	-5.5 pts
Net indebtedness	€m	6,354	5,830	9
Pension provision	€m	6,989	6,179	13
Cash flow from operating activities	€m	1,367	1,558	-12
Capital expenditures (gross)[2]	€m	770	1,236	-38
Adjusted free cash flow	€m	620	178	248
Key profitability and value creation figures				
Adjusted EBITDA margin	%	-8.4	4.1	-12.5 pts
Adjusted EBIT margin	%	-18.9	-4.3	-14.6 pts
EBIT margin	%	-25.2	-4.4	-20.8 pts
Lufthansa share				
Share price as of 31 Mar	€	8.56	19.57	-56
Earnings per share	€	-4.44	-0.72	-517
Traffic figures[1]				
Flights	number	207,207	262,654	-21
Passengers	thousands	21,756	29,421	-26
Available seat-kilometres	millions	64,296	79,453	-19
Revenue seat-kilometres	millions	47,099	61,933	-24
Passenger load factor	%	73.3	77.9	-4.6 pts
Available cargo tonne-kilometres	millions	3,449	4,056	-15
Revenue cargo tonne-kilometres	millions	2,156	2,550	-15
Cargo load factor	%	62.5	62.9	-0.4 pts
Employees				
Employees as of 31 Mar	number	136,966	136,795	0

[1] Previous year's figures have been adjusted
[2] Without acquisition of equity investments
Date of publication: 3 June 2020.

Contents

Course of business

Coronavirus crisis puts significant strain on business at the Lufthansa Group

— The global outbreak of the coronavirus had a severe impact on the Lufthansa Group's business in the first quarter of 2020. ↗ **Significant events, p. 3.**

— The Lufthansa Group reacted quickly and decisively to the outbreak of the coronavirus crisis, significantly reducing available capacity to avoid losses and initiating wide-ranging measures to cut costs and capital expenditure and to conserve liquidity.

— Lower traffic meant that traffic revenue fell by 22% to EUR 4,539m, and revenue of EUR 6,441m was 18% down on the year.

— Operating expenses fell by 6% in total to EUR 8,162m, primarily due to the volume-related decline in the cost of materials and services, particularly for fuel, fees and charges, and short-term measures to cut staff costs.

— Adjusted EBIT fell to EUR –1,220m (previous year: EUR –336m), the Adjusted EBIT margin came to –18.9% (previous year: –4.3%).

— Net result for the period decreased to EUR –2,124m (previous year: EUR –342m); it was depressed by impairment losses on the fleet and goodwill as well as the negative changes in the market value of fuel hedging instruments.

— Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) went up to EUR 620m due to lower capital expenditure (previous year: EUR 178m).

— The equity ratio fell by 6.7 percentage points compared with year-end 2019 to 17.3% and Adjusted net debt/Adjusted EBITDA went up compared with year-end 2019 by 0.6 points to 3.4 due to the lower earnings.

Significant events

Lufthansa Group takes extensive measures in response to spread of the coronavirus

— The ongoing spread of the coronavirus has resulted in collapsing demand for air travel, global travel restrictions, declines in bookings and flight cancellations at all the airlines in the Lufthansa Group.

— In response, the Lufthansa Group cut its flight capacities by up to 95% and temporarily retired some 700 of its total of 760 aircraft; operations at Austrian Airlines, Brussels Airlines and Air Dolomiti were suspended completely until further notice at the end of March.

— The regular flight timetable at Lufthansa German Airlines, SWISS and Eurowings was massively reduced; with its remaining flights the Lufthansa Group guarantees a basic minimum of air transport connections and so contributes to maintaining essential services; special flights were put on to take people from all over the world back to their home countries.

— Management imposed far-reaching cost-cutting measures affecting staff costs, operating costs and project budgets in order to reduce fixed costs by at least a third; short-time working was planned or already in place for some 87,000 employees at the end of the reporting period.

— The capital resources were further improved by means of financing activities; additional measures were being prepared at the end of the reporting period.

Agreement with UFO on resolution process for collective bargaining dispute

— The Lufthansa Group and the independent flight attendants' union UFO agreed on 31 January 2020 on a multi-stage process to resolve the collective bargaining dispute.

— The process provides for a separation of wage and non-wage topics in three stages: mediation, arbitration and an out-of-court settlement.

Moody's and S&P downgrade rating for Lufthansa Group

— On 17 March 2020 and 20 May 2020 respectively the rating agencies Moody's and S&P lowered the credit rating of the Lufthansa Group from Baa3 to Ba1 and from BBB- to BB+ as a result of the spread of the coronavirus and its wider impact; both ratings are now below investment grade; Scope Ratings continues to give the Lufthansa Group an investment grade rating of BBB-.

Events after the reporting period

European Commission approves sale of the LSG Group's European business

— The European Commission approved the sale of the LSG Group's European business on 3 April 2020; the planned sale of the LSG Group's international activities has been postponed due to the coronavirus crisis. ↗ **Catering segment, p. 15.**

New division of responsibilities for the Executive Board

— On 4 April 2020 Ulrik Svensson resigned his post as Chief Financial Officer of Deutsche Lufthansa AG for health reasons with effect from 6 April 2020.

— The Supervisory Board of Deutsche Lufthansa AG decided on a new division of responsibilities for the Executive Board on 8 April 2020; the board is to be reduced from seven to six members with effect from 15 April 2020; responsibility for finance functions will be divided among the existing Executive Board members.

Lufthansa Group decides on first restructuring package

— The Executive Board of Deutsche Lufthansa AG adopted an initial restructuring package on 7 April 2020, consisting of various measures to adjust the capacities of flight operations to customer demand, which has been severely impacted by the crisis.

— These measures include, in particular, a reduction of the fleet with the first retired aircraft and the closure of Germanwings. ↗ **Business segments, p. 9.**

Economic Stabilisation Fund and Swiss federal government approve stabilisation packages

— On 25 May 2020 the Economic Stabilisation Fund (WSF) of the Federal Republic of Germany approved the stabilisation package for Deutsche Lufthansa AG; the package provides for stabilisation measures and loans of up to EUR 9bn.

— The WSF will make silent participations of up to EUR 5.7bn in total in the assets of Deutsche Lufthansa AG; of this amount, approximately EUR 4.7bn is classified as equity in accordance with the provisions of the German Commercial Code (HGB) and IFRS; in this amount, the silent participation is unlimited in time and can be terminated by the Company on a quarterly basis in whole or in part; in accordance with the agreed concept, the remuneration on the silent participations is 4% for the years 2020 and 2021, and rises in the following years up to 9.5% in 2027.

— Furthermore, the WSF will subscribe to shares by way of a capital increase in order to build up a 20% stake in the share capital of Deutsche Lufthansa AG; the subscription price will be EUR 2.56 per share, so that the cash contribution will amount to about EUR 300m; the WSF may also increase its stake to 25% plus one share in the event of a takeover of the Company.

— In addition, in the event of non-payment of remuneration by the Company, a further portion of the silent participation is to be convertible into a further shareholding of 5% of the share capital at the earliest from 2024 and 2026 respectively, at a conversion price of 5.25% below the market price; the second conversion option, however, only applies to the extent that the WSF has not previously increased its shareholding in connection with the above-mentioned takeover case; conversion should also be possible for dilution protection at a conversion price of 10% below the market price.

— Subject to the full repayment of the silent participations by the Company and a minimum sale price of EUR 2.56 per share plus an annual interest of 12%, the WSF undertakes, however, to sell its shareholding in full at the market price by 31 December 2023.

— Finally, the stabilisation measures are supplemented by a syndicated credit facility of up to EUR 3bn with the participation of KfW and private banks with a term of three years; this facility is still subject to the approval of relevant bodies.

— The expected conditions relate in particular to the waiver of future dividend payments and restrictions on management remuneration; in addition, two members of the Supervisory Board are to be proposed for election at the Annual General Meeting in agreement with the German Federal Government, one of whom is to become a member of the Audit Committee; except in the event of a takeover, the WSF undertakes not to exercise its voting rights at the Annual General Meeting in connection with the usual resolutions of ordinary Annual General Meetings.

— The commitments indicated by Germany to the European Commission oblige the Group to transfer to one competitor each at the Frankfurt and Munich airports up to 24 take-off and landing rights (slots), i.e. three take-off and three landing rights per aircraft and day, for the stationing of up to four aircraft.

— The capital measures are subject to the approval of an extraordinary general meeting, which will be held virtually on 25 June 2020; in addition, the framework agreement still needs to be finalised and approved by the relevant competition authorities.

— As early as 29 April 2020, the Swiss federal government had promised guaranteed loans of CHF 1.5bn (approx. EUR 1.4bn) for SWISS and Edelweiss, the two Swiss airlines in the Lufthansa Group; the loans are granted at normal market conditions by a consortium of Swiss banks and have a term of up to five years; they are 85% guaranteed by the Swiss federal government and are secured by shares in SWISS and Edelweiss held by Deutsche Lufthansa AG; the funding may only be used for SWISS and Edelweiss; no dividend payments within the Group are permitted for the duration of the loan; the loans guaranteed by the Swiss government will be offset against the agreed stabilisation measures as they currently stand and will be reduced by the same amount.

— Negotiations concerning possible state stabilisation measures for Austrian Airlines and Brussels Airlines with the Austrian and Belgian governments are still ongoing.

Financial performance

EARNINGS POSITION

Traffic adversely affected by coronavirus crisis; traffic revenue down by 22%

— Traffic fell significantly as a result of the coronavirus pandemic: sales (revenue passenger-kilometres) were down year-on-year by 24%, capacity (available passenger-kilometres) was cut by 19%, and the passenger load factor fell by 4.6 percentage points to 73.3%.

— The Lufthansa Group's cargo business is particularly affected by the loss of belly capacities on passenger aircraft: capacity (available cargo tonne-kilometres) was down by 15%, sales (revenue cargo tonne-kilometres) also fell by 15% and the cargo load factor of 62.5% was 0.4 percentage points lower than last year.

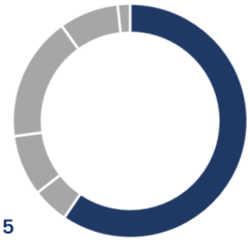
— Traffic revenue declined by 22% to EUR 4,539m due to the lower traffic (previous year: EUR 5,805m).

Revenue down year-on-year by 18%

— Other operating revenue fell by 6% to EUR 1.902m, mainly due to crisis-induced lower income in the catering business and in AirPlus' credit card business.

— Revenue of EUR 6,441m was 18% down on the year (previous year: EUR 7,838m); operating income fell by 16% to EUR 6,976m (previous year: EUR 8,341m).

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS
in % (as of 31 Mar 2020)



REVENUE, INCOME AND EXPENSES

in €m	**Jan - Mar 2020**	Jan - Mar 2019	Change in %
Traffic revenue[1]	4,539	5,805	-22
Other revenue	1,902	2,033	-6
Total revenue[1]	**6,441**	**7,838**	**-18**
Other operating income	535	503	6
Total operating income	**6,976**	**8,341**	**-16**
Cost of materials and services[1]	4,043	4,501	-10
of which fuel	1,227	1,423	-14
of which other raw materials, consumables and supplies and purchased goods	920	997	-8
of which fees and charges	874	1,045	-16
of which external services MRO	480	486	-1
Staff costs	2,143	2,241	-4
Depreciation	680	657	4
Other operating expenses	1,296	1,283	1
Total operating expenses	**8,162**	**8,682**	**-6**
Result from equity investments	-34	5	
Adjusted EBIT	**-1,220**	**-336**	**-263**
Total reconciliation EBIT	-402	-8	-4,925
EBIT	**-1,622**	**-344**	**-372**
Net interest	-56	-43	-30
Other financial items	-998	-25	-3,892
Profit/loss before income taxes	**-2,676**	**-412**	**-550**
Income taxes	553	77	618
Profit/loss after income taxes	**-2,123**	**-335**	**-534**
Profit/loss attributable to minority interests	-1	-7	86
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-2,124**	**-342**	**-521**

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

Operating expenses down by 6%

— The cost of materials and services for the Lufthansa Group was 10% down on the previous year at EUR 4,043m.

  o Within the cost of materials and services, fuel costs fell by 14% to EUR 1,227m; lower volumes were partly offset by higher prices due to hedging; the result of price hedging was EUR –133m.

  o Expenses for other raw materials, consumables and supplies were down by 8% at EUR 920m due to lower volumes.

  o Fees and charges declined year-on-year by 16% to EUR 874m, particularly due to volumes.

  o External MRO expenses of EUR 480m were 1% down on the year; reduced flight operations only have a delayed impact on MRO expenses.

— With the number of employees largely unchanged, staff costs fell by 4% to EUR 2,143m, particularly because the profit-share payment was lower than last year.

— Depreciation and amortisation rose by 4% to EUR 680m.

— Other operating expenses increased by 1% to EUR 1,296m, particularly due to higher expenses for write-downs on receivables as a result of the coronavirus pandemic.

— Operating expenses for the Lufthansa Group fell by 6% year-on-year to EUR 8,162m (previous year: EUR 8,682m).

Adjusted EBIT and net profit down significantly as a result of the crisis

— Adjusted EBIT for the Lufthansa Group fell year-on-year to EUR –1,220m (previous year: EUR –336m); the Adjusted EBIT margin was –18.9% (previous year: –4.3%).

— EBIT came to EUR –1,622m (previous year: EUR –344m); the difference to Adjusted EBIT was therefore EUR –402m (previous year: EUR –8m); this includes write-downs of EUR –237m resulting from the expected realisable values for aircraft at Lufthansa German Airlines (six Airbus A388s, five Boeing B744s, eleven Airbus A322s) and Austrian Airlines (three Boeing B763s, 13 Dash8-400s) which are no longer planned to resume flight operations; further impairment losses of EUR -29m relate to right-of-use assets on Brussels Airlines aircraft that will no longer be in use at the end of existing leases; impairment losses of EUR –157m were recognised on goodwill at the business entities LSG North America and Eurowings.

— Net interest fell by 30% to EUR –56m (previous year: EUR –43m).

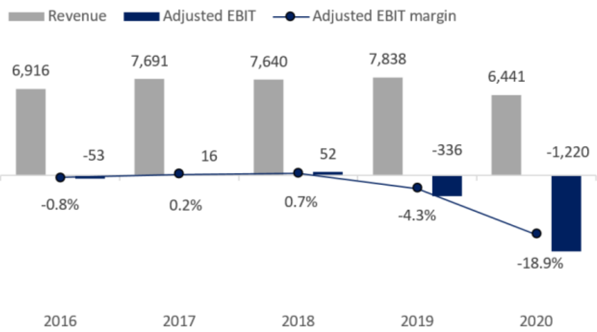
— Other financial items declined to EUR –998m (previous year: EUR –25m), particularly from fuel hedging, since hedging relationships had to be discontinued.

— The relief from income taxes increased to EUR 553m as deferred taxes were recognised for negative earnings in the first quarter of 2020 (previous year: EUR 77m); the tax ratio was 21% (previous year: 19%).

— The net loss for the Lufthansa Group fell year-on-year as a result to EUR –2,124m (previous year: EUR –342m).

— Earnings per share amounted to EUR –4.44 (previous year: EUR –0.72).

DEVELOPMENT REVENUE, ADJUSTED EBIT in €m (Jan - Mar)
AND ADJUSTED EBIT MARGIN in % (Jan - Mar)



RECONCILIATION OF RESULTS

	Jan - Mar 2020		Jan - Mar 2019	
in €m	Income statement	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue[1]	**6,441**	**–**	**7,838**	**–**
Changes in invertories and work performed by entity and capitalised	145	–	151	–
Other operating income	444	–	377	–
of which book gains	–	-2	–	-5
of which write-ups on capital assets and assets held for sale	–	-52	–	-20
Total operating income	**7,030**	**-54**	**8,366**	**-25**
Costs of materials and services[1]	-4,043	–	-4,501	–
Staff costs	-2,148	–	-2,241	–
of which past service costs/settlements	–	5	–	–
Depreciation	-1,124	–	-667	–
of which impairment losses	–	444	–	10
Other operating expenses	-1,303	–	-1,306	–
of which impairment losses on assets held for sale	–	–	–	–
of which expenses incurred from book losses	–	7	–	23
Total operating expenses	**-8,618**	**456**	**-8,715**	**33**
Profit/loss from operating activities	**-1,588**	**–**	**-349**	**–**
Result from equity investments	-34	–	5	–
Impairment losses on investments accounted for using the equity method	–	–	–	–
EBIT	**-1,622**	**–**	**-344**	**–**
Total amount of reconciliation Adjusted EBIT	–	402	–	8
Adjusted EBIT	**–**	**-1,220**	**–**	**-336**
Depreciation	–	680	–	657
Adjusted EBITDA	**–**	**-540**	**–**	**321**

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

FINANCIAL POSITION

Capital expenditure down 38% on previous year

— Gross capital expenditure by the Lufthansa Group (without acquisition of equity investments) fell by 38% to EUR 770m, mainly due to lower capital expenditure for new aircraft (previous year: EUR 1,236m).

Cash flow from operating activities decreases by 12%; Adjusted free cash flow up significantly

— Cash flow from operating activities fell year-on-year by 12% to EUR 1,367m due to lower pre-tax earnings (previous year: EUR 1,558m)

— The decline was lower than for pre-tax earnings, however, due to the non-cash components of earnings, particularly relating to the discontinuation of fuel hedges (EUR 925m) and impairment losses on non-current assets (EUR 444m; previous year: EUR 10m); cash flow was also boosted by the absence of advance tax payments and positive working capital effects.

— Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) went up to EUR 620m due to lower capital expenditure (previous year: EUR 178m).

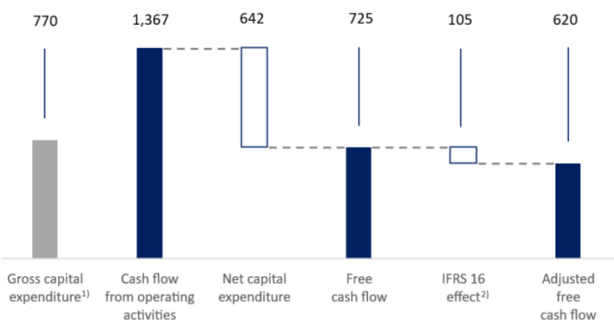
Financing activities result in cash inflow

— The balance of financing activities resulted in a net cash inflow of EUR 1,076m (previous year: outflow of EUR 136m); this results mainly from drawing credit lines and short-term borrowing of EUR 1,038m.

Liquidity up on the previous year’s level

— Liquidity (total of cash and current securities) rose year-on-year by 55% to EUR 5,139m, especially due to measures to increase liquidity (previous year: EUR 3,318m); EUR 4,244m of the total were available centrally as of the reporting date.

CASH FLOW AND CAPITAL EXPEDITURE in €m (as of 31 Mar 2020)



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

NET ASSETS

Total assets up on year-end 2019

— Total assets as of 31 March 2020 increased by 2% on year-end 2019 to EUR 43,352m (31 December 2019: EUR 42,659m).

— Non-current assets rose by 2% to EUR 31,938m (31 December 2019: EUR 31,374m), mainly due to the increase in derivative financial instruments and deferred income tax assets.

— Current assets rose by 1% to EUR 11,414m (31 December 2019: EUR 11,285m); the decline in current trade and other receivables was offset by the increase in cash and cash equivalents, including current securities, resulting from more borrowing and cash inflows recognised directly in equity.

— Assets held for sale of EUR 431m included EUR 402m in the disposal group for the European catering companies.

— Non-current provisions and liabilities were up by 4% to EUR 17,022m (31 December 2019: EUR 16,417m), particularly due to the increase in pension liabilities and derivative financial instruments.

— Pension liabilities rose by 5% to EUR 6,989m (31 December 2019: EUR 6,659m), mainly because of the steep fall in the market values of plan assets, which was only partly offset by the rise of 0.3 percentage points in the interest rate used to discount the pension obligations to 1.7%.

— Non-current provisions and liabilities were up by 18% to EUR 18,833m (31 December 2019: EUR 15,986m), mainly due to the increase in short-term borrowings and derivative financial instruments.

— Liabilities of EUR 530m in connection with assets held for sale relate to the disposal group for the European catering companies.

— Shareholders' equity fell by 27% on year-end 2019 to EUR 7,497m (31 December 2019: EUR 10,256m), primarily because of the net loss and the negative valuation effects for pensions and derivatives recognised directly in equity.

Equity ratio down by 6.7 percentage points

— The equity ratio fell by 6.7 percentage points compared with year-end 2019 to 17.3% (31 December 2019: 24.0%).

— Net debt of EUR 6,354m was 5% lower than at year-end 2019 (31 December 2019: EUR 6,662m).

— The ratio of Adjusted Net Debt/Adjusted EBITDA increased by 0.6 points to 3.4 due to the lower earnings (31 December 2019: 2.8).

Business segments

— The structure of the business segments was changed at the start of financial year 2020.

— Brussels Airlines, Germanwings and the Eurowings long-haul business have since been managed by the Network Airlines group and have therefore been allocated to the Network Airlines business segment.

— The line maintenance business of Lufthansa Technik was transferred to Deutsche Lufthansa AG, which will carry out the work itself from this point on, and is now part of the Network Airlines business segment.

— The figures for the previous year have been adjusted accordingly.

NETWORK AIRLINES BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue[1]	€m	4,033	5,194	-22
of which traffic revenue[1]	€m	3,606	4,698	-23
Operating expenses[1]	€m	5,141	5,659	-9
Adjusted EBITDA[1]	€m	-396	225	
Adjusted EBIT[1]	€m	-891	-242	-268
EBIT[1]	€m	-1,159	-242	-379
Adjusted EBIT margin[1]	%	-22.1	-4.7	-17.4 pts
Segment capital expenditure[1]	€m	598	986	-39
Employees as of 31 Mar[1]	number	60,828	60,417	1
Flights[1]	number	169,925	211,340	-20
Passengers[1]	thousands	18,057	24,201	-25
Availabel seat-kilometres[1]	millions	59,304	72,829	-19
Revenue seat-kilometres[1]	millions	43,331	56,934	-24
Passenger load factor[1]	%	73.1	78.2	-5.1 pts

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

— Network Airlines has reduced its flight capacity significantly due to the coronavirus crisis and temporarily retired a large part of its fleet.

— Other steps to safeguard liquidity include HR measures such as short-time working and a hiring freeze, as well as reductions in operating costs.

OPERATING FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	7.4	7.6	-2.3	-3.9
Unit revenue (RASK)	€ Cent	7.0	7.3	-3.9	-5.5
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	6.7	5.9	12.6	11.1

— Traffic at Network Airlines was down as a result of the coronavirus outbreak; sales fell by 24%, capacity was reduced by 19%, the number of flights by 20% and the passenger load factor contracted by 5.1 percentage points to 73.1%.

— Lower traffic meant that traffic revenue at the Network Airlines fell year-on-year by 23% to EUR 3,606m and revenue of EUR 4,033m was 22% down on the year.

— Constant currency unit revenues fell by 5.5% due to the lower load factor in all traffic regions.

— Operating expenses saw a volume-related decline of 9% to EUR 5,141m due to lower fuel costs, fees and charges, and staff costs.

— Constant currency unit costs rose by 11.1%, without expenses for fuel and emissions trading; the significant reduction in capacity was not matched in full by corresponding cuts in costs.

— Adjusted EBIT fell accordingly to EUR –891m (previous year: EUR –242m) and EBIT came to EUR –1,159m (previous year: EUR –242m); the difference to Adjusted EBIT stems mainly from write-downs of EUR 266m on the fleet.

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Mar 2020	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change
	in €m	in %	in thousands	in %	in millions	in %	in millions	in %	in %	in pts
Europe	1,204	-26	13,378	-26	16,711	-19	10,948	-25	65.5	-5.2 pts
America	1,101	-22	2,184	-21	22,380	-16	16,984	-21	75.9	-5.2 pts
Asia/Pacific	523	-37	1,157	-31	12,216	-25	9,389	-31	76.9	-6.0 pts
Middle East/ Africa	389	-16	1,338	-20	7,997	-14	6,010	-18	75.2	-3.0 pts
Non allocable	389	4								
Total	**3,606**	**-23**	**18,057**	**-25**	**59,304**	**-19**	**43,331**	**-24**	**73.1**	**-5.1 pts**

Lufthansa German Airlines[1)]

KEY FIGURES		**Jan - Mar 2020**	Jan - Mar 2019	Change in %
Revenue[2)]	€m	2,637	3,497	-25
Operating expenses[2)]	€m	3,382	3,786	-11
Adjusted EBITDA[2)]	€m	-299	157	
Adjusted EBIT[2)]	€m	-609	-137	-345
EBIT[2)]	€m	-787	-137	-474
Employees as of 31.03.[2)]	number	39,474	39,348	0
Flights[2)]	number	104,425	130,885	-20
Passengers[2)]	thousands	11,192	15,346	-27
Available seat-kilometres[2)]	millions	38,487	48,100	-20
Revenue seat-kilometres[2)]	millions	28,117	37,692	-25
Passenger load factor[2)]	%	73.1	78.4	-5.3 pts

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

— Lufthansa German Airlines reduced its flight capacity significantly as a result of the coronavirus crisis; the remaining flights serve to maintain connections to major international and European cities.

— In addition, an unprecedented repatriation programme was launched in cooperation with the federal government to bring German holidaymakers back home from all over the world.

— As part of the first restructuring package, six Airbus A380s and five Boeing 747-400s are to be permanently retired on long-haul routes, and eleven A320s on short-haul routes; this will reduce the capacity of Lufthansa German Airlines at its hubs in Frankfurt and Munich for the long term.

— Lufthansa will also temporarily ground the entire Airbus A340-600 fleet, consisting of 17 aircraft; these aircraft will not be deployed in regular scheduled services for at least the next twelve to eighteen months.

— Revenue at Lufthansa German Airlines fell year-on-year by 25% to EUR 2,637m as a result of the coronavirus crisis; operating income was down by 24% at EUR 2,775m.

— Operating expenses of EUR 3,382m were 11% down year-on-year, primarily due to the volume-related decline in the cost of materials and services and lower staff costs.

— Adjusted EBIT fell accordingly to EUR –609m (previous year: EUR –137m) and EBIT came to EUR –787m (previous year: EUR –137m), the difference to Adjusted EBIT stems mainly from write-downs of EUR 178m on the fleet.

SWISS[1)]

KEY FIGURES		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue[2)]	€m	920	1,104	-17
Operating expenses[2)]	€m	1,067	1,103	-3
Adjusted EBITDA	€m	27	138	-80
Adjusted EBIT	€m	-82	40	
EBIT	€m	-82	40	
Employees as of 31.03.	number	10,641	10,214	4
Flights	number	29,670	36,694	-19
Passengers[2)]	thousands	3,409	4,335	-21
Available seat-kilomet-res[2)]	millions	12,618	14,760	-15
Revenue seat-kilomet-res[2)]	millions	9,425	11,798	-20
Passenger load factor	%	74.7	79.9	-5.2 pts

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

— SWISS completed the modernisation of its Airbus A340 fleet in the first quarter of 2020; it now offers its passengers the same premium travel experience on all its long-haul routes; furthermore, the first A320neo was received.

— SWISS reduced its flight programme to a minimum in response to the coronavirus crisis; as part of the largest repatriation programme ever carried out by the Swiss Foreign Ministry, SWISS has flown many passengers back to Switzerland from all over the world since March; SWISS has also begun to undertake charter cargo flights to bring urgently needed medical equipment into Switzerland.

— As part of the first restructuring package, the size of the fleet is to be reduced by postponing deliveries of short and medium-haul aircraft on order and reviewing the early retirement of older aircraft.

— Revenue at SWISS fell by 17% to EUR 920m due to the coronavirus outbreak; operating income of EUR 985m was 14% down on the year.

— Operating expenses saw a volume-related decline of 3% to EUR 1,067m due to lower fees and charges and fuel costs.

— Adjusted EBIT of EUR –82m was EUR 122m below the previous year as a result; EBIT performed in line with Adjusted EBIT.

Austrian Airlines

KEY FIGURES		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue[1)]	€m	287	379	-24
Operating expenses[1)]	€m	440	500	-12
Adjusted EBITDA	€m	-93	-56	-66
Adjusted EBIT	€m	-136	-99	-37
EBIT	€m	-197	-99	-99
Employees as of 31.03.	number	6,943	7,061	-2
Flights	number	22,727	28,754	-21
Passengers[1)]	thousands	1,933	2,657	-27
Available seat-kilomet-res[1)]	millions	4,520	5,590	-19
Revenue seat-kilomet-res[1)]	millions	3,084	4,080	-24
Passenger load factor	%	68.2	73.0	-4.8 pts

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

— Austrian Airlines completely suspended regular flight operations on 18 March 2020 in response to the coronavirus crisis; repatriation flights for Austrian citizens worldwide are still being carried out in close cooperation with the Austrian foreign ministry, as are cargo flights for urgently needed medical equipment.

— The ongoing restructuring programme at Austrian Airlines is to be intensified as a result of the corona pandemic, also by reducing the size of the fleet; three Boeing 767-300s and 13 Bombardier Dash8-400s have already been retired early.

— Revenue at Austrian Airlines fell by 24% to EUR 287m as a result of the coronavirus outbreak; operating income was also down by 24% at EUR 304m.

— Operating expenses of EUR 440m were 12% down year-on-year, largely due to the volume-related decline in fuel costs, fees and charges, and lower staff costs.

— Adjusted EBIT fell by 37% to EUR –136m accordingly; EBIT of EUR –197m was 99% down on the year; the difference to Adjusted EBIT stems largely from write-downs of EUR 59m on the fleet.

Brussels Airlines

KEY FIGURES		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue	€m	233	280	-17
Operating expenses	€m	315	342	-8
Adjusted EBITDA	€m	-29	-15	-93
Adjusted EBIT	€m	-64	-47	-36
EBIT	€m	-93	-47	-98
Employees as of 31.03.	number	3,770	3,794	-1
Flights	number	13,715	17,098	-20
Passengers	thousands	1,552	2,009	-23
Available seat-kilometres	millions	3,695	4,469	-17
Revenue seat-kilometres	millions	2,717	3,431	-21
Passenger load factor	%	73.5	76.8	-3.2 pts

— Brussels Airlines has suspended all flights as result of the coronavirus pandemic; minimal flight capacities are being maintained for repatriating Belgian citizens and for transporting medical equipment.

— The existing restructuring programme for Brussels Airlines is to be further intensified as a result of the coronavirus outbreak; this is to include a reduction of the fleet by 30% and the number of employees by 25%.

— Revenue at Brussels Airlines fell by 17% to EUR 233m due to the coronavirus crisis; operating income of EUR 251m was 15% down on the year.

— Operating expenses of EUR 315m were 8% lower than in the previous year, primarily due to the volume-related decline in the cost of materials and services.

— Adjusted EBIT fell by 36% to EUR –64m accordingly; EBIT of EUR –93m was 98% down on the previous year, reduced by write-downs of EUR 29m on right-of-use assets consisting of two Airbus A330-200s and eight Airbus A319s.

EUROWINGS BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue[1]	€m	332	413	-20
of which traffic revenue[1]	€m	321	414	-22
Operating expenses[1]	€m	516	605	-15
Adjusted EBITDA[1]	€m	-121	-113	-7
Adjusted EBIT[1]	€m	-175	-174	-1
EBIT[1]	€m	-233	-173	-35
Adjusted EBIT margin[1]	%	-52.7	-42.1	-10.6 pts
Segment capital expenditures[1]	€m	43	13	231
Employees as of 31.03.[1]	number	3,350	4,051	-17
Flights[1]	number	37,282	51,314	-27
Passengers[1]	thousands	3,699	5,220	-29
Available seat-kilometres[1]	millions	4,992	6,624	-25
Revenue seat-kilometres[1]	millions	3,768	4,999	-25
Passengers load factors[1]	%	75.5	75.5	0.0 pts

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

— Eurowings reduced its flight programme by 90% as a result of the coronavirus crisis; remaining flights focus on repatriating holidaymakers from the main tourist regions and maintaining basic services within Germany and to selected European cities.

— Eurowings Europe temporarily ceased operations to limit the financial fallout.

— Eurowings will also further reduce the number of its aircraft.

— Other measures in response to the coronavirus crisis are reductions in staff costs, particularly by means of short-time working, savings on operating and project costs and other liquidity measures.

OPERATING FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	7.4	7.5	-1.7	-1.5
Unit revenue (RASK)	€ Cent	7.1	6.6	7.6	7.4
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	8.4	7.2	16.0	13.4

— Eurowings traffic fell as a result of the coronavirus outbreak; capacity and sales were both down by 25%, the number of flights was cut by 27%; the passenger load factor of 75.5% was stable year-on-year.

— Lower traffic meant that traffic revenue fell year-on-year by 22% to EUR 321m and revenue of EUR 332m was 20% down on the year.

— Constant currency unit revenues rose by 7.4% as a result of optimising the network.

— Operating expenses saw a volume-related decline of 15% to EUR 516m, primarily due to lower fees and charges and fuel costs.

— Constant currency unit costs, without fuel and emissions trading expenses, rose by 13.4%, driven by the significant capacity reduction which was not matched by corresponding cost savings.

— Adjusted EBIT fell by 1% to EUR –175m accordingly and EBIT of EUR –233m was 35% down on the year; the difference to Adjusted EBIT stems largely from an impairment loss of EUR 57m on goodwill.

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Mar 2020	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change
	in €m	in %	in thousands	in %	in millions	in %	in millions	in %	in %	in pts
Short-haul	270	-26	3,629	-29	4,771	-25	3,554	-25	74.5	-0.2 pts
Long-haul	8	-23	70	-16	221	-16	214	-14	96.8	1.8 pts
Non allocable	43	10								
Total	**321**	**-22**	**3,699**	**-29**	**4,992**	**-25**	**3,768**	**-25**	**75.5**	**0.0 pts**

LOGISTICS BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue	€m	554	616	-10
of which traffic revenue	€m	516	577	-11
Operating expenses	€m	593	623	-5
Adjusted EBITDA	€m	17	61	-72
Adjusted EBIT	€m	-22	24	
EBIT	€m	-41	19	
Adjusted EBIT margin	%	-4.0	3.9	-7.9 pts
Segment capital expenditure	€m	75	135	-44
Employees as of 31.03.	number	4,486	4,504	0
Available cargo tonne-kilometres[1]	millions	2,857	3,357	-15
Revenue cargo tonne-kilometres[1]	millions	1,805	2,109	-14
Cargo load factor[1]	%	63.2	62.8	0.4 pts

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

— Traffic in the Logistics segment was impacted by the coronavirus outbreak, particularly due to the loss of belly capacities on passenger aircraft; rising demand for freight capacities over the course of the quarter meant that passenger aircraft were also used to carry freight in order to make up for the loss of belly capacities.

— Capacity fell by 15% overall, sales by 14%, and the cargo load factor of 63.2% was 0.4 percentage points up on the year.

— Although yields were higher, traffic revenue sank by 11% year-on-year to EUR 516m due to volumes; revenue fell by 10% to EUR 554m.

— Operating expenses were down by 5% overall at EUR 593m, mainly due to a volume and price-related decline in fuel expenses, as well as lower staff costs.

— Adjusted EBIT fell by EUR 46m to EUR –22m accordingly; EBIT of EUR –41m was EUR 60m lower than last year.

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Mar 2020	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change	**Jan - Mar 2020**	Change
	in €m	in %	in millions	in %	in millions	in %	in %	in pts
Europe	43	-19	152	-15	69	-10	45.2	2.3 pts
America	235	1	1,426	-6	883	-8	62.0	-1.4 pts
Asia/Pacific	192	-21	1,003	-24	707	-22	70.6	1.6 pts
Middle East/Africa	46	-6	276	-21	146	-13	52.7	5.0 pts
Total	**516**	**-11**	**2,857**	**-15**	**1,805**	**-14**	**63.2**	**0.4 pts**

MRO BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue[1)]	€m	1,592	1,645	-3
of which with companies of the Lufthansa Group[1)]	€m	483	539	-10
Operating expenses[1)]	€m	1,660	1,577	5
Adjusted EBITDA[1)]	€m	54	168	-68
Adjusted EBIT[1)]	€m	4	123	-97
EBIT[1)]	€m	1	123	-99
Adjusted EBIT margin[1)]	%	0.3	7.5	-7.2 pts
Segment capital expenditures[1)]	€m	49	78	-37
Employees as of 31.03.	number	24,165	22,197	9

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

— WIZZair was the first customer to introduce the digital solution for planning aircraft maintenance that Lufthansa Technik provides via its AVIATAR platform.

— The coronavirus crisis is hurting performance in the MRO business; flight hours planned but not carried out and growing pressure on airlines are increasingly having an impact on Lufthansa Technik.

— Revenue fell year-on-year by 3% to EUR 1,592m; the volume-related revenue decline was partly offset by positive exchange rate effects; total revenue of EUR 1,671m was 2% lower than last year.

— Operating expenses went up by 5% to EUR 1,660m; lower material costs were offset particularly by higher staff costs and valuation allowances on receivables.

— Adjusted EBIT fell by 97% to EUR 4m accordingly; EBIT of EUR 1m was 99% down on the previous year.

CATERING BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Revenue	€m	660	765	-14
of which with companies of the Lufthansa Group	€m	135	167	-19
Operating expenses	€m	731	778	-6
Adjusted EBITDA	€m	-24	31	
Adjusted EBIT	€m	-55	2	
EBIT	€m	-156	3	
Adjusted EBIT margin	%	-8.3	0.3	-8.6 pts
Segment capital expenditure	€m	12	17	-29
Employees as of 31.03.	number	34,269	35,675	-4

— The European Commission approved the sale of the LSG Group’s European business subject to conditions on 3 April 2020; gategroup, the buyer, must sell its existing operations at some airports before closing can take place.

— The planned sales process for the LSG Group’s international activities has been put on hold in view of the dramatic and currently unpredictable impact of the coronavirus pandemic on the global tourism and airline industry.

— The ongoing coronavirus crisis and the almost total grounding of global air traffic are having a significant impact on the LSG Group’s worldwide business; the package of measures includes project and hiring freezes, short-time working and temporary plant closures.

— Revenue fell year-on-year by 14% to EUR 660m as a result of the sharp decline in passenger numbers at the LSG Group’s global customers; total revenue was down by 13% at EUR 679m.

— Operating expenses of EUR 731m were 6% lower than last year; some of the cost-cutting measures, especially in staff costs, will only have an effect in the second quarter.

— Adjusted EBIT fell accordingly by EUR 57m to EUR –55m; EBIT of EUR –156m was EUR 159m down on the year; the difference to Adjusted EBIT stems largely from the impairment loss of EUR 100m on goodwill at LSG North America.

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES

		Jan - Mar 2020	Jan - Mar 2019	Change in %
Operating income	€m	650	624	4
Operating expenses	€m	726	684	6
Adjusted EBITDA	€m	-46	-33	-39
Adjusted EBIT	€m	-75	-59	-27
EBIT	€m	-79	-58	-36
Segment capital expenditures	€m	11	17	-35
Employees as of 31.03.	number	9,868	9,951	-1

— Total operating income for Additional Businesses and Group Functions rose year-on-year by 4% to EUR 650m, particularly due to exchange rate movements.

— Operating expenses of EUR 726m were 6% up on the year.

— Adjusted EBIT fell year-on-year by 27% to EUR –75m, mainly driven by the decline in earnings at AirPlus and Lufthansa Aviation Training.

Opportunities and risk report

The opportunities and risks for the Group described in detail in the Annual Report 2019 have materialised or developed as follows:

- There has been a dramatic change in the economic environment as a result of the coronavirus pandemic. Lockdowns, travel restrictions, supply chain disruptions, declining commodity prices and deteriorating financial figures stoke fears of a global recession which could go far beyond the economic contraction following the financial crisis in 2008/2009.
- The pandemic spread of the coronavirus has resulted in massive restrictions in global air traffic. Even though some countries are already seeing a decline in the number of infections and a resumption of normal business, there is the risk of a second wave of infection. Either way, the pandemic and its consequences will have a lasting impact on international travel. The Lufthansa Group is precisely evaluating the medical, economic and safety aspects of the situation and constantly adjusting its business model on the basis of its findings. Wide-ranging steps were taken to cut costs and safeguard liquidity, including the introduction of short-time working, grounding part of the fleet and a freeze on all non-essential spending. Stabilisation measures and loans totalling up to EUR 9bn were agreed with the Economic Stabilisation Fund of the Federal Republic of Germany. Subject to its final documentation, the approval of the general meeting and the approval of the relevant competition authorities, the stabilisation package will ensure the Company's solvency. The two Swiss airlines in the Lufthansa Group, SWISS and Edelweiss, are to receive loans of CHF 1.5bn (around EUR 1.4bn) guaranteed by the Swiss Confederation. These loans will be offset against the stabilisation measures as they currently stand and will be reduced by the same amount. Negotiations with the governments in Austria and Belgium are still ongoing. In addition, the company is preparing other measures to adapt the long-term scope of business to the lower demand, which is currently expected to be lasting.
- Air traffic has largely come to a halt, which also implies a significant change in exposure to fuel prices and exchange rates. Until air travel resumes, some of the existing fuel and foreign currency hedges are no longer matched by any hedged items. The results of these financial derivatives, which are significantly negative at the moment due to low oil prices, are shown in the financial result.
- Furthermore, the ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is increasing the risk of much higher expenses. Air traffic volumes are expected to be very low in 2020, which changes the basis for calculating the future growth that has to be offset by CORSIA. The compensation payments to be made from 2021 onwards to achieve carbon neutrality could increase significantly if the current negotiations to adjust the assessment basis accordingly are not successful.
- Uncertainties still remain about the medium-term effects of Brexit. The Lufthansa Group is preparing both for the new air traffic agreement currently under negotiation between the EU and the United Kingdom and for contingency measures if such an agreement is not signed by the end of the transition period on 31 December 2020. It cannot be ruled out that macroeconomic or regulatory changes could impact the medium-term financial performance of the Lufthansa Group.

On the basis of the agreed stabilisation measures, the steps taken to combat the coronavirus crisis and its scenario planning, the Executive Board does not consider that the continued existence of the Lufthansa Group is at risk.

Forecast

— The Company anticipates that the necessary documentation can be finalised with the Economic Stabilisation Fund and that the stabilisation measures negotiated with the Fund will be approved by the extraordinary general meeting and the relevant competition authorities, thereby ensuring the Company's solvency.

— The ongoing uncertainty concerning the development of the coronavirus pandemic means it is still not possible to give a detailed financial forecast for 2020.

— In this respect, the forecast in the Annual Report 2019 of a significant decline in Group revenue and Adjusted EBIT in financial year 2020 continues to apply.

— Only the Logistics segment is expected to deviate from the performance of the Group as a whole; significantly higher yields compared with last year due to the lack of freight capacities on passenger aircraft mean that the segment will probably report a higher Adjusted EBIT margin than in the previous year.

— Further details can be found in the Annual Report 2019 starting on page 106.

Consolidated income statement
January - March 2020

CONSOLIDATED INCOME STATEMENT

in €m	**Jan - Mar 2020**	Jan - Mar 2019
Traffic revenue[1)]	4,539	5,805
Other revenue	1,902	2,033
Total revenue[1)]	**6,441**	**7,838**
Changes in inventories and work performed by entity and capitalised	145	151
Other operating income[2)]	444	377
Cost of materials and services[1)]	-4,043	-4,501
Staff costs	-2,148	-2,241
Depreciation, amortisation and impairment[3)]	-1,124	-667
Other operating expenses[4)]	-1,303	-1,306
Profit/loss from operating activities	**-1,588**	**-349**
Result of equity investments accounted for using the equity method	-35	-4
Result of other equity investments	1	9
Interest income	36	12
Interest expenses	-92	-55
Other financial items	-998	-25
Financial result	**-1,088**	**-63**
Profit/loss before income taxes	**-2,676**	**-412**
Imcome taxes	553	77
Profit/loss after income taxes	**-2,123**	**-335**
Profit/loss attributable to non-controlling interests	-1	-7
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-2,124**	**-342**
Basic/diluted earnings per share in €	**-4.44**	**-0.72**

[1)] Previous year's figures have been adjusted.
[2)] This includes EUR 11m (previous year: EUR 7m) from the reversal of write-downs on non-current receivables.
[3)] This includes EUR 1m (previous year: EUR 0m) for the recognition of write-downs on current receivables.
[4)] This includes EUR 103m (previous year: EUR 25m) for the recognition of loss allowances on receivables.

Statement of comprehensive income
January - March 2020

STATEMENT OF COMPREHENSIVE INCOME

in €m	**Jan - Mar 2020**	Jan - Mar 2019
Profit/loss after income taxes	**-2,123**	**-335**
Other comprehensive income		
Other comprehensive income with subsequent reclassification to the income statement		
Differences from currency translation	61	42
Subsequent measurement of financial assets at fair value without effect on profit and loss	-18	10
Subsequent measurement of hedges - cash flow hedge reserve	-355	668
Subsequent measurement of hedges - costs of hedges	133	173
Other comprehensive income from investments accounted for using the equity method	1	1
Other expenses and income recognised directly in equity	-1	16
Income taxes on items in other comprehensive income	41	-190
	-138	**720**
Other comprehensive income without subsequent reclassification to the income statement		
Revaluation of defined-benefit pension plans	-327	-333
Subsequent measurement of financial assets at fair value	-3	3
Other expenses and income recognised directly in equity	-2	0
Income taxes on items in other comprehensive income	-194	163
	-526	**-167**
Other comprehensive income after income taxes	**-664**	**553**
Total comprehensive income	**-2,787**	**218**
Comprehensive income attributable to minority interests	1	-10
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	**-2,786**	**208**

Consolidated statement of financial position
as of 31 March 2020

CONSOLIDATED BALANCE SHEET - ASSETS

in €m	31.03.2020	31.12.2019	31.03.2019
Intangable assets with an indefinite useful life[1]	1,245	1,395	1,384
Other intangable assets	542	547	510
Aircraft and reserve engines	18,276	18,349	17,900
Repairable spare parts for aircraft	2,225	2,270	2,194
Property, plant and other equipment	4,037	4,041	4,150
Investments accounted for using the the equity method	636	672	672
Other equity investments	258	256	225
Non-current securities	51	53	30
Loans and receivables	534	469	511
Derivative financial instruments	1,345	906	1,083
Deferred charges and prepaid expenses	105	116	112
Effective income tax receivables	33	32	36
Deferred tax assets	2,651	2,268	2,259
Non-current assets	**31,938**	**31,374**	**31,066**
Inventories	972	980	960
Contract assets	299	277	316
Trade receivables and other receivables	3,705	5,417	6,180
Derivative financial instruments	478	459	545
Deferred charges and prepaid expenses	238	245	294
Effective income tax receivables	151	153	63
Securities	3,312	1,970	2,078
Cash and cash equivalents	1,828	1,415	1,242
Assets held for sale	431	369	17
Current assets	**11,414**	**11,285**	**11,695**
Total assets	**43,352**	**42,659**	**42,761**

[1] Including Goodwill.

CONSOLIDATED BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	**31.03.2020**	31.12.2019	31.03.2019[1)]
Issued Capital	1,224	1,224	1,217
Capital reserve	378	378	343
Retained earnings	6,309	5,617	6,581
Other neutral reserves	1,619	1,715	1,840
Net profit/loss	-2,124	1,213	-342
Equity attributable to shareholders of Deutsche Lufthansa AG	**7,406**	**10,147**	**9,639**
Minority interests	91	109	103
Shareholders' equity	**7,497**	**10,256**	**9,742**
Pension provisions	6,989	6,659	6,179
Other provisions	515	490	511
Borrowings	8,407	8,396	7,232
Contract liabilities	23	25	22
Other financial liabilities	89	76	139
Advance payments received, deferred income and other non-financial liabilities	35	32	49
Derivative financial instruments	347	128	128
Deferred tax liabilities	617	611	604
Non-current provisions and liabilities	**17,022**	**16,417**	**14,864**
Other provisions	747	794	841
Borrowings	3,065	1,634	1,895
Trade payables and other financial liabilities	5,250	5,351	6,096
Contract liabilities from unused flight documents	4,487	4,071	5,798
Other contract liabilities	2,646	2,675	2,433
Advance payments received, deferred income and other non-financial liabilities	412	382	463
Derivative financial instruments	1,288	137	165
Effective income tax obligations	408	402	464
Liabilities in connection with assets held for sale	530	540	–
Current provisions and liabilities	**18,833**	**15,986**	**18,155**
Total shareholders' equity and liabilities	**43,352**	**42,659**	**42,761**

[1)] Previous year's figures have been restated.

Consolidated statement of changes in shareholders‘ equity
as of 31 March 2020

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in €m	Issued capital	Capital reserve	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Othe neutral reserves	**Total other neutral reserves**	Retained earnings	Net profit/ loss	**Equity attributable to shareholders of Deutsche Lufthansa AG**	Minority interests	**Total shareholders' equity**
As of 01.01.2019	**1,217**	**343**	**237**	**388**	**236**	**324**	**1,185**	**4,588**	**2,163**	**9,496**	**110**	**9,606**
Capital increases/ reductions	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–	2,163	-2,163	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–	–	-17	-17
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	–	–	–	–	–	–	–	–	-342	-342	7	-335
Other expenses and income recognised directly in equity	–	–	655	42	–	23	720	-170	–	550	3	553
Hedging results reclassified from non-financial assets to acquisition costs	–	–	-65	–	–	–	-65	–	–	-65	–	-65
As of 31.03.2019	**1,217**	**343**	**827**	**430**	**236**	**347**	**1,840**	**6,581**	**-342**	**9,639**	**103**	**9,742**
As of 01.01.2020	**1,224**	**378**	**624**	**503**	**236**	**352**	**1,715**	**5,617**	**1,213**	**10,147**	**109**	**10,256**
Capital increases/ reductions	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	-	–	–	–	–	1,213	-1,213	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–	–	-17	-17
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	–	–	–	–	–	–	–	–	-2,124	-2,124	1	-2,123
Other expenses and income recognised directly in equity	–	–	-202	61	–	-	-141	-521	–	-662	-2	-664
Hedging results reclassified from non-financial assets to acquisition costs	–	–	45	–	–	–	45	–	–	45	–	45
As of 31.03.2020	**1,224**	**378**	**467**	**564**	**236**	**352**	**1,619**	**6,309**	**-2,124**	**7,406**	**91**	**7,497**

Consolidated cash flow statement
January - March 2020

CONSOLIDATED CASH FLOW STATEMENT

in €m	**Jan - Mar 2020**	Jan - Mar 2019
Cash and cash equivalents 1 Jan	**1,431**	**1,434**
Net profit/loss before income taxes	-2,676	-412
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,123	647
Depreciation, amortisation and impairment losses on current assets (net of reversals)	22	22
Net proceeds on disposal of non-current assets	6	18
Result of equity investments	34	-5
Net interest	56	44
Income tax payments/reimbursements	21	-377
Significant non-cash-relevant expenses/income	1,011	-1
Change in trade working capital	1,871	1,481
Change in other assets/shareholders' equity and liabilities	-101	141
Cash flow from operating activities	**1,367**	**1,558**
Capital expenditure for property, plant and equipment and intangible assets	-763	-1,229
Capital expenditure for financial investments	-7	-7
Additions/loss to repairable spare parts of aircraft	28	-80
Proceeds from disposal of non-consolidated equity investments	-	-
Proceeds from disposal of consolidated equity investments	-	-
Cash outflows for acquisitions/capital increase of/at non-consolidated equity investments	-3	-25
Cash outflows for acquisitions of consolidated equity investments	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	56	36
Interest invome	44	15
Dividends received	3	11
Net cash from/used in investing activities	**-642**	**-1,279**
Purchase of securities/fund investments	-3,218	-443
Disposal of securities/fund investments	1,841	100
Net cash from/used in investing and cash management activities	**-2,019**	**-1,622**
Capital increase	-	-
Transactions by non-controlling interests	-	-
Non-current borrowing	1,500	742
Repayment of non-current borrowing	-381	-847
Dividends paid	-	-17
Interest paid	-43	-14
Net cash from/used in financing activities	**1,076**	**-136**
Net increase/decrease in cash and cash equivalents	**424**	**-200**
Changes due to currency translation differences	-2	6
Cash and cash equivalents 31 Mar[1]	**1,853**	**1,240**
Less cash and cash equivalents of companies held for sale as of 31 Mar	**26**	**-**
Cash and cash equivalents of companies not classified as held for sale as of 31 Mar[1]	**1,827**	**1,240**
Securities	3,312	2,078
Liquidity	**5,139**	**3,318**
Net increase/decrease in liquidity	1,754	149

[1] The difference between the bank balance and cash-in-hand shown in the statement of financial position comes from fixed-term deposits of EUR 1m with terms of four to twelve months (previous year: EUR 2m).

Notes

1 Applied standards, changes in the group of consolidated companies and accounting principles

The consolidated financial statements of Deutsche Lufthansa AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as applicable in the European Union (EU), taking account of interpretations by the IFRS Interpretations Committee (IFRIC). This interim report as of 31 March 2020 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 2020 have been applied. The interim financial statements as of 31 March 2020 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2019 were based. The standards and interpretations mandatory from 1 January 2020 onwards had no effects on the Group's net assets, financial and earnings position and no restatements resulting from new standards were necessary.

The Group has extended its existing cash management system in view of the high liquidity outflows expected as a result of the crisis and monitors the Group's cash flows centrally using a detailed bottom-up and a medium-term top-down model. It is based on the assumption that the recovery of the airline industry will begin slowly in 2020 and extend over several years. Based on the Federal Republic of Germany's Economic Stabilisation Fund's approval of the stabilisation package for Deutsche Lufthansa AG on 25 May 2020, the Executive Board considers the Group's liquidity to be secured for the next twelve months on the basis of its current corporate planning. The package consists of stabilisation measures and loans of up to EUR 9bn. The stabilisation measures still require final documentation, the approval of shareholders at an extraordinary general meeting and the approval of the relevant competition authorities. The Swiss federal government approved loan guarantees of up to CHF 1.5bn for SWISS and Edelweiss on 29 April 2020. These guarantees will be offset against the stabilisation measures in Germany according to their current status. These interim financial statements have therefore been prepared on a going concern basis.

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

Total revenue

Based on the IFRIC agenda decision of 17 September 2019 compensation payments for flight cancellations and delays are no longer recognised as expenses in the income statement but rather reduce traffic revenue. The Lufthansa Group applied the change as of 31 December 2019. The figures for the previous year have been adjusted accordingly.

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	**2020**	Europe[1]	North-america[1]	Central- and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Network Airlines	3,700	2,555	629	80	284	77	75
Lufthansa German Airlines	2,327						
SWISS[2]	891						
Austrian Airlines	265						
Brussels	217						
Eurowings[2]	323	318	3	1	1	–	–
Logistics	516	265	70	21	137	6	17
Total	**4,539**						

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

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	2019	Europe[1]	North-america[1]	Central- and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Network Airlines[2][3]	4,813	3,279	793	93	438	122	88
Lufthansa German Airlines[3]	3,145						
SWISS[2]	1,069						
Austrian Airlines	339						
Brussels Airlines[3]	260						
Eurowings[2][3]	415	404	6	1	4	–	–
Logistics	577	300	66	24	162	6	19
Total	**5,805**						

[1] Traffic revenue is allocated to the original location of sale.
[2] Disclosure of traffic revenue, including belly revenue; this is reported in the segment reporting in the reconciliation column.
[3] Previous year restated because of the segment change for Brussels Airlines and longhaul operations of Eurowings.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	2020	Europe[1]	North-America[1]	Central and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
MRO	1,109	501	259	52	208	51	38
MRO services	952						
Other operating revenue	157						
Catering	525	86	298	34	81	15	11
Catering services	447						
Revenue from in-flight sales	29						
Other services	49						
Network Airlines	132	108	8	1	10	3	2
Eurowings	1	1	–	–	–	–	–
Logistics	28	16	10	–	1	1	–
Additional Businesses and Group Functions	107	78	10	4	8	5	2
IT services	45						
Travel management	41						
Other	21						
Total	**1,902**						

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

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	2019	Europe[1]	North-America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
MRO	1,106	526	259	66	189	40	26
MRO services	951						
Other operating revenue	155						
Catering	598	99	312	40	115	17	15
Catering services	508						
Revenue from in-flight sales	34						
Other services	56						
Network Airlines[2]	160	132	10	1	12	2	3
Eurowings[2]	1	1	–	–	–	–	–
Logistics	29	18	10	–	–	1	–
Additional Businesses and Group Functions	139	105	7	5	17	4	1
IT services	45						
Travel management	71						
Other	23						
Total	**2,033**						

[1] Traffic revenue is allocated according to the original location of sale.
[2] Previous year restated because of the segment change for Brussels Airlines and longhaul operations of Eurowings.

Assets classified as held for sale

Assets with a carrying amount of EUR 431m were held for sale as of 31 March 2020. These principally (EUR 402m) consist of the assets in the disposal group “European commercial activities of the LSG Group” which were sold to gategroup Holding AG by contract dated 6/7 December 2019. All the liabilities classified as being in connection with the assets held for sale (EUR 530m) were part of this disposal group. The European competition authorities approved the transaction subject to conditions in early April. Fulfilling these conditions has been made more difficult by the economic impact of the corona-virus pandemic and is therefore delayed. The assumption remains that the transfer will still take place. Based on the purchase price terms, which assume an acquisition date of 31 December 2019, and the change in net asset value since then, there is no longer any impairment as of 31 March 2020, so that the impairment loss of EUR 50m recognised in the financial statements as of 31 December 2019 was reversed.

In addition, assets of EUR 27m are related to aircraft and reserve engines held for sale. They include three Boeing MD 11s, one Airbus A321 and one Dash 8-400.

Changes in estimates

In view of the almost complete cessation of flight operations, which can only be reversed in stages and over an as yet uncertain period, the operation plans for all components of the fleet are being revised. As well as delays in new deliveries, the assumption is that parts of the fleet will no longer return to active service, but will be disposed of directly. The companies still reserve the right to retire aircraft temporarily, so that they can respond to changes in the operating environment by reactivating them at short notice. Based on current fleet planning and the resolutions taken by the management boards, the assumption is that five Boeing B747-400s and eleven Airbus A320-200s at Lufthansa German Airlines, three Boeing B767-300s and 13 Bombardier Dash 8-400s at Austrian Airlines, and two Airbus A330-200s and eight Airbus A319s at Brussels Airlines will be retired permanently. A further six Airbus A380-800s, which had already been sold to Airbus with forecast transfer dates in 2022 and 2023, will no longer go back into operation. Impairment testing was carried out for the aircraft concerned, which resulted in a total impairment loss of EUR 266m on the basis of the forecast sales prices.

The general risk that decisions may still be taken to retire other parts of the fleets is considered in the impairment tests for the individual business entities.

In addition to the impairment testing for individual assets, the occurrence of a “triggering event” meant that impairment tests were carried out for all material business entities at the level of the cash-generating units. These were based on updated cash flow and earnings forecasts, which predict that the operating environment will only slowly recover by 2023. Compared with year-end 2019, the tests were performed with a 1% higher discount rate and 1% lower growth from the end of the planning period. The earnings figures in “terminal value” were also subjected to an additional stress scenario. The result was an impairment requirement for the entities Eurowings and LSG North America. Goodwill of EUR 57m at Eurowings was written off in full and goodwill at LSG North America was impaired by EUR 100m. With the exception of Austrian Airlines, which had no further cushion in the test scenario, the testing did not reveal any impairment at the other business entities, even when the discount rate was increased by 0.5 percentage points and the growth assumptions or EBITDA margin were each reduced by 0.5 percentage points respectively. The duration of the ramp-up phase has a decisive influence on the risk situation, as does the subsequent level of commercial activity and the profitability of the business entities.

Because flight operations have largely come to a standstill, purchases of kerosene and cash flows in foreign currencies have been significantly reduced. This means that the occurrence of the hedged transactions is no longer highly probable, so that hedge accounting in accordance with IFRS 9 can no longer be applied. See also the comments in ↗ **Note 5 (Financial instruments)**.

3 Seasonality

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

4 Contingencies and events after the reporting period

CONTINGENT LIABILITIES

in €m	**31.03.2020**	31.12.2019
From guarantees, bills of exchange and cheque guarantees	1,583	1,634
From warranty contracts	353	378
From providing collateral for third-parties liabilities	22	47
	1,958	**2,059**

Provisions for other contingent liabilities were not made because it was not sufficiently probable that they would be drawn down. The potential financial effect of these provisions on the result would have been EUR 57m in total (as of 31 December 2019: EUR 55m).

As of 31 March 2020, the tax risks for which no provisions had been recognised came to some EUR 200m (as of 31 December 2019: EUR 200m).

At the end of March 2020 there were order commitments of EUR 15.6bn for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. As of 31 December 2019, the order commitments came to EUR 14.6bn.

European Commission approves sale of the LSG Group’s European business

— The European Commission approved the sale of the LSG Group’s European business on 3 April 2020; the planned sale of the LSG Group’s international activities has been postponed due to the coronavirus crisis. ↗ **Catering segment, p. 15.**

New division of responsibilities for the Executive Board

— On 4 April 2020 Ulrik Svensson resigned his post as Chief Financial Officer of Deutsche Lufthansa AG for health reasons with effect from 6 April 2020.

— The Supervisory Board of Deutsche Lufthansa AG decided on a new division of responsibilities for the Executive Board on 8 April 2020; the board is to be reduced from seven to six members with effect from 15 April; responsibility for finance functions will be divided among the existing Executive Board members.

Lufthansa Group decides on first restructuring package

— The Executive Board of Deutsche Lufthansa AG adopted an initial restructuring package on 7 April 2020, consisting of various measures to adjust the capacities of flight operations to customer demand, which has been severely impacted by the crisis.

— These measures particularly include a reduction of the fleet by retiring the first aircraft and the closure of Germanwings. ↗ **Business segments, p. 9.**

Economic Stabilisation Fund and Swiss federal government approve stabilisation packages

— On 25 May 2020 the Economic Stabilisation Fund (WSF) of the Federal Republic of Germany approved the stabilisation package for Deutsche Lufthansa AG; the package provides for stabilisation measures and loans of up to EUR 9bn.

— The WSF will make silent participations of up to EUR 5.7bn in total in the assets of Deutsche Lufthansa AG; of this amount, approximately EUR 4.7bn is classified as equity in accordance with the provisions of the German Commercial Code (HGB) and IFRS; in this amount, the silent participation is unlimited in time and can be terminated by the Company on a quarterly basis in whole or in part; in accordance with the agreed concept, the remuneration on the silent participations is 4% for the years 2020 and 2021, and rises in the following years up to 9.5% in 2027.

— Furthermore, the WSF will subscribe to shares by way of a capital increase in order to build up a 20% stake in the share capital of Deutsche Lufthansa AG; the subscription price will be EUR 2.56 per share, so that the cash contribution will amount to about EUR 300m; the WSF may also increase its stake to 25% plus one share in the event of a takeover of the Company.

— In addition, in the event of non-payment of remuneration by the Company, a further portion of the silent participation is to be convertible into a further shareholding of 5% of the share capital at the earliest from 2024 and 2026 respectively, at a conversion price of 5.25% below the market price; the second conversion option, however, only applies to the extent that the WSF has not previously increased its shareholding in connection with the above-mentioned takeover case; conversion should also be possible for dilution protection at a conversion price of 10% below the market price.

— Subject to the full repayment of the silent participations by the Company and a minimum sale price of EUR 2.56 per share plus an annual interest of 12%, the WSF undertakes, however, to sell its shareholding in full at the market price by 31 December 2023.

— Finally, the stabilisation measures are supplemented by a syndicated credit facility of up to EUR 3bn with the participation of KfW and private banks with a term of three years; this facility is still subject to the approval of relevant bodies.

— The expected conditions relate in particular to the waiver of future dividend payments and restrictions on management remuneration; in addition, two members of the Supervisory Board are to be proposed for election at the Annual General Meeting in agreement with the German Federal Government, one of whom is to become a member of the Audit Committee; except in the event of a takeover, the WSF undertakes not to exercise its voting rights at the Annual General Meeting in connection with the usual resolutions of ordinary Annual General Meetings.

— The commitments indicated by Germany to the European Commission oblige the Group to transfer to one competitor each at the Frankfurt and Munich airports up to 24 take-off and landing rights (slots), i.e. three take-off and three landing rights per aircraft and day, for the stationing of up to four aircraft.

— The capital measures are subject to the approval of an extraordinary general meeting, which will be held virtually on 25 June 2020; in addition, the framework agreement still needs to be finalised and approved by the relevant competition authorities.

— As early as 29 April 2020, the Swiss federal government had promised guaranteed loans of CHF 1.5bn (approx. EUR 1.4bn) for SWISS and Edelweiss, the two Swiss airlines in the Lufthansa Group; the loans are granted at normal market conditions by a consortium of Swiss banks and have a term of up to five years; they are 85% guaranteed by the Swiss federal government and are secured by shares in SWISS and Edelweiss held by Deutsche Lufthansa AG; the funding may only be used for SWISS and Edelweiss; no dividend payments within the Group are permitted for the duration of the loan; the loans guaranteed by the Swiss government will be offset against the agreed stabilisation measures as they currently stand and will be reduced by the same amount.

— Negotiations concerning possible state stabilisation measures for Austrian Airlines and Brussels Airlines with the Austrian and Belgian governments are still ongoing.

5 Financial instruments and financial liabilities

Financial Instruments

The following tables show financial assets and liabilities held at fair value by level in the fair value hierarchy. The levels are defined as follows:

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

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

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

As of 31 March 2020, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 31.03.2020

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**3,306**	**52**	**–**	**3,358**
Financial derivatives classified as held for trading	–	51	–	51
Securities	3,306	1	–	3,307
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,772**	**–**	**1,772**
Financial assets at fair value through other comprehensive income	**–**	**34**	**–**	**34**
Equity instruments	–	19	–	19
Debt instruments	–	15	–	15
Total assets	**3,306**	**1,858**	**–**	**5,164**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31.03.2020

in €m	Level 1	Level 2	Level 2	Total
Derivative financial instruments at fair value through profit or loss	–	-945	–	-945
Derivative financial instruments which are an affective part of a hedging relationship	–	-690	–	-690
Total liabilities	**–**	**-1,635**	**–**	**-1,635**

The decline in flight traffic due to the coronavirus crisis meant that fuel prices and foreign currencies were “over-hedged” as of 31 March 2020, so that hedging relationships previously designated under hedge accounting rules had to be terminated early. The amount of the remaining fuel requirement and the foreign currency exposure was determined for the remainder of the year on the basis of current expectations. Hedging relationships for the excess volume of hedging instruments were “un-designated”, and the cumulative change in market value of EUR –890m was reclassified from the market valuation reserve to the financial result. Fuel hedges accounted for expenses of EUR 925m and foreign currency hedges for income of EUR 35m. The corresponding hedging instruments are accounted for through profit or loss as stand-alone derivatives until their due date. Including the transactions realised up to 31 March, the earnings impact of these changes was EUR –950m.

As of 31 December 2019, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 31.12.2019

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**359**	**13**	**–**	**372**
Financial derivatives classified as held for trading	–	12	–	12
Securities	359	1	–	360
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,352**	**–**	**1,352**
Financial assets at fair value through other comprehensive income	**–**	**1,632**	**–**	**1,632**
Equity instruments	–	22	–	22
Debt instruments	–	1,610	–	1,610
Total assets	**359**	**2,997**	**–**	**3,356**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31.12.2019

in €m	Level 1	Level 2	Level 2	Total
Derivative financial instruments at fair value through profit or loss	–	-67	–	-67
Derivative financial instruments which are an affective part of a hedging relationship	–	-199	–	-199
Total liabilities	**–**	**-266**	**–**	**-266**

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

The fair values of debt instruments also correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account.

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

Financial Liabilities

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

FINANCIAL LIABILITIES

	31.03.2020		31.12.2019	
in €m	Carrying amount	Market value	Carrying amount	Market value
Bonds	1,135	930	1,094	1,026
Liabilities to banks	3,422	3,335	2,110	2,150
Other liabilities	4,049	3,892	3,954	3,883
Total	**8,606**	**8,157**	**7,158**	**7,059**
Leasing liabilities	2,866	n.a.	2,872	n.a.
Total	**11,472**	**n.a.**	**10,030**	**n.a.**

6 Earnings per share

Earnings per share

		31.03.2020	31.03.2019
Basic/diluted earnings per share	€	**– 4.44**	**– 0.72**
Consolidated net profit/loss	€m	– 2,124	– 342
Weighted average number of shares		478,194,257	475,210,728

7 Issued capital

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 450,000,000 by issuing new registered shares on one or more occasions for payment in cash or in kind (Authorised Capital A). In certain cases, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 30,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. Shares with a nominal amount of EUR 7,637,832 were issued under this authorisation up to 31 March 2020.

A resolution of the Annual General Meeting on 5 May 2020 increased the company's contingent capital by up to EUR 122,417,728. The contingent capital increase serves to issue shares to the holders or creditors of conversion and/or option rights from convertible bonds that may be issued by the Company or its Group companies until 4 May 2025 in ac-cordance with the resolution of the Annual General Meeting on 5 May 2020. In certain cases, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

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

Following a resolution of the Annual General Meeting held on 5 May 2020, the full distributable profit of EUR 298m shown in the 2019 financial statements was transferred to retained earnings.

8 Pension obligations

The discount rate used to calculate obligations in Germany was 1.7%. As of 31 December 2019, the rate was 1.4%. A discount rate of 0.75% was used for the pension obligations in Switzerland (31 December 2019: 0.3%). The increase in pension provisions is essentially due to the negative performance of the plan assets.

9 Segment reporting

Based on the IFRIC agenda decision on 17 September 2019, compensation payments for flight cancellations and delays are no longer recognised as expenses but rather reduce revenue. The Lufthansa Group applied this amendment retrospectively as of 31 December 2019, and the previous year's figures were adjusted accordingly by reducing traffic revenue and the cost of materials and services by the same amount.

Segmentation has been changed compared with the financial statements as of 31 December 2019. Brussels Airlines, Germanwings and the Eurowings long-haul business are managed by the Network Airlines group as of the start of financial year 2020 and have therefore been allocated to the Network Airlines segment. As of 1 January 2020, the line maintenance business of Lufthansa Technik was transferred to Deutsche Lufthansa AG, which will carry out the work itself from this point on, and is now part of the Network Airlines segment. The figures for the previous year have been adjusted accordingly.

The segmentation changes increased previous-year revenue for the Network Airlines segment by EUR 380m and reduced its Adjusted EBIT by EUR 82m. For the MRO segment the changes reduced previous-year revenue by EUR 83m and Adjusted EBIT by EUR 2m.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Mar 2020

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments Segmente	Additional Businesses and Group Functions	Reconciliation	**Group**
External revenue	3,832	323	544	1,109	525	6,333	108	–	6,441
of which traffic revenue	3,606	321	516	–	–	4,443	–	96	4,539
Inter-segment revenue	201	9	10	483	135	838	52	-890	–
Total revenue	**4,033**	**332**	**554**	**1,592**	**660**	**7,171**	**160**	**-890**	**6,441**
Other operating income	219	34	15	79	19	366	490	-321	535
Operating income	**4,252**	**366**	**569**	**1,671**	**679**	**7,537**	**650**	**-1,211**	**6,976**
Operating expenses	**5,141**	**516**	**593**	**1,660**	**731**	**8,641**	**726**	**-1,205**	**8,162**
of which cost of materials	2,734	327	394	960	280	4,695	69	-721	4,043
of which staff cost	1,106	59	96	374	308	1,943	203	-3	2,143
of which depreciation and amortisation	495	54	39	50	31	669	29	-18	680
of which other operating expenses	806	76	64	276	112	1,334	425	-463	1,296
Result of equity investments	**-2**	**-25**	**2**	**-7**	**-3**	**-35**	**1**	**–**	**-34**
of which result of investments accounted for using the equity method	-1	-25	2	-7	-3	-34	–	-1	-35
Adjusted EBIT[1)]	**-891**	**-175**	**-22**	**4**	**-55**	**-1,139**	**-75**	**-6**	**-1,220**
Reconciliation items	**-268**	**-58**	**-19**	**-3**	**-101**	**-449**	**-4**	**51**	**-402**
Impairment losses/gains	-267	-58	-20	1	-101	-445	1	53	-391
Effects from pension provisions	–	–	–	-1	–	-1	-4	–	-5
Result of disposal of assets	-1	–	1	-3	–	-3	-1	-2	-6
EBIT	**-1,159**	**-233**	**-41**	**1**	**-156**	**-1,588**	**-79**	**45**	**-1,622**
Other financial result									-1,054
Profit/loss before income taxes									-2,676
Capital employed[2)]	11,734	1,210	2,046	5,556	1,355	21,901	3,273	-549	24,625
of which from investments accounted for using the equity method	24	153	52	273	128	630	6	–	636
Segment capital expenditure	598	43	75	49	12	777	11	-15	773
of which from investments accounted for using the equity method	–	–	–	3	–	3	–	–	3
Number of employees at the end of period	60,828	3,350	4,486	24,165	34,269	127,098	9,868	–	136,966

[1)] For detailed reconciliation from EBIT to Adjusted EBIT ↗ table "reconciliation of results", p. 7, 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 - Mar 2019[1)]

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments Segmente	Additional Businesses and Group Functions	Reconciliation	**Group**
External revenue	4,974	416	606	1,106	598	7,700	138	–	7,838
of which traffic revenue	4,698	414	577	–	–	5,689	–	116	5,805
Inter-segment revenue	220	-3	10	539	167	933	64	-997	–
Total revenue	**5,194**	**413**	**616**	**1,645**	**765**	**8,633**	**202**	**-997**	**7,838**
Other operating income	217	34	18	56	13	338	422	-257	503
Operating income	**5,411**	**447**	**634**	**1,701**	**778**	**8,971**	**624**	**-1,254**	**8,341**
Operating expenses	**5,659**	**605**	**623**	**1,577**	**778**	**9,242**	**684**	**-1,244**	**8,682**
of which cost of materials	3,101	402	419	983	324	5,229	66	-794	4,501
of which staff cost	1,189	68	104	354	308	2,023	219	-1	2,241
of which depreciation and amortisation	467	61	37	45	29	639	26	-8	657
of which other operating expenses	902	74	63	195	117	1,351	373	-441	1,283
Result of equity investments	**6**	**-16**	**13**	**-1**	**2**	**4**	**1**	**–**	**5**
of which result of investments accounted for using the equity method	6	-16	4	-1	2	-5	–	1	-4
Adjusted EBIT[2)]	**-242**	**-174**	**24**	**123**	**2**	**-267**	**-59**	**-10**	**-336**
Reconciliation items	–	1	-5	–	1	-3	1	-6	-8
Impairment losses/gains	20	–	-9	–	1	12	1	-3	10
Effects from pension provisions	–	–	–	–	–	–	–	–	–
Result of disposal of assets	-20	1	4	–	–	-15	–	-3	-18
EBIT	**-242**	**-173**	**19**	**123**	**3**	**-270**	**-58**	**-16**	**-344**
Other financial result									-68
Profit/loss before income taxes									-412
Capital employed[3]	10,901	1,443	1,986	5,506	1,533	21,369	1,793	-179	22,983
of which from investments accounted for using the equity method	32	133	58	300	143	666	6	–	672
Segment capital expenditure	986	13	135	78	17	1,229	17	15	1,261
of which from investments accounted for using the equity method	–	–	–	16	–	16	–	–	16
Number of employees at the end of period	60,417	4,051	4,504	22,197	35,675	126,844	9,951	–	136,795

[1)] Figures have been adjusted.
[2)] For detailed reconciliation from Adjusted EBIT to EBIT ↗ table “reconciliation of results”, p. 7, in the interim management report.
[3)] The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives), less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

EXTERNAL REVENUE BY REGION Jan - Mar 2020

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**
Traffic revenue[1]	3,138	1,440	702	632	102	422	83	92	**4,539**
Other operating revenue	790	265	585	454	91	308	75	53	**1,902**
Total revenue	**3,928**	**1,705**	**1,287**	**1,086**	**193**	**730**	**158**	**145**	**6,441**

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

EXTERNAL REVENUE BY REGION Jan - Mar 2019

in €m	Europe	thereof Ger-many	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**
Traffic revenue[1]	3,983	1,892	865	782	118	604	128	107	**5,805**
Other operating revenue	881	253	598	499	112	333	64	45	**2,033**
Total revenue	**4,864**	**2,145**	**1,463**	**1,281**	**230**	**937**	**192**	**152**	**7,838**

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

10 Related party disclosures

As stated in ↗ **Note 48** to the consolidated financial statements 2019 (Annual Report 2019, p. 219 ff.), the segments in the Lufthansa Group render numerous services to related parties within the scope of their ordinary business activities and also receive services from them. These extensive supply and service relationships take place unchanged on the basis of market prices. There have been no significant changes in comparison with the reporting date. The contractual relationships with the group of related parties described in the ↗ **Remuneration Report 2019** (Annual Report 2019) (p. 115 ff.) and in the consolidated financial statements 2019 in ↗ **Note 49** (Annual Report 2019, p. 222) also still exist unchanged, but are not of material significance for the Group.

11 Published standards that have not yet been applied

Amendments published by the IASB for financial years beginning after 1 January 2020 currently have no effect on the presentation of the net assets, financial and earnings position. Further information on the amendments are shown in the consolidated financial statements 2019 in ↗ **Note 2 "New international accounting standards in accordance with IFRS and interpretations"**, p. 144ff.

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, 2 June 2020
The Executive Board

Carsten Spohr
Chairman of the Executive Board and CEO

Thorsten Dirks
Member of the Executive Board Digital & Finance

Christina Foerster
Member of the Executive Board Customer & Corporate Responsibility

Harry Hohmeister
Member of the Executive Board Commercial Passenger Airlines

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

Michael Niggemann
Member of the Executive Board Corporate Human Resources, Legal Affairs & M&A

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The Lufthansa 1st Interim Report is a translation of the original German Lufthansa Zwischenbericht 1/ 2020. Please note that only the German version is legally binding.

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

Financial calendar 2020

25 June	Extraordinary General Meeting
6 August	Release of 2nd Interim Report January – June 2020
5 November	Release of 3rd Interim Report January – September 2020

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