3RD INTERIM REPORT

January – September 2020

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LUFTHANSA GROUP

The Lufthansa Group

KEY FIGURES

		Jan - Sep 2020	Jan - Sep 2019	Change in %	**Jul - Sep 2020**	Jul - Sep 2019	Change in %
Revenue and result							
Total revenue[1]	€m	10,995	27,524	-60	2,660	10,108	-74
of which traffic revenue[1]	€m	7,404	21,405	-65	1,763	8,030	-78
Operating expenses[1]	€m	16,345	27,704	-41	4,276	9,542	-55
Adjusted EBITDA	€m	-2,227	3,715		-649	1,979	
Adjusted EBIT	€m	-4,161	1,715		-1,262	1,297	
EBIT	€m	-5,857	1,637		-2,389	1,220	
Net profit/loss	€m	-5,584	1,038		-1,967	1,154	
Key balance sheet and cash flow statement figures							
Total assets	€m	39,010	44,187	-12	–	–	
Equity	€m	3,347	8,991	-63	–	–	
Equity ratio	%	8.6	20.3	-11.7 pts	–	–	
Net indebtedness	€m	8,930	6,083	47	–	–	
Pension provision	€m	8,073	7,914	2	–	–	
Cash flow from operating activities	€m	-1,598	3,735		-1,961	1,342	
Capital expenditures (gross)[2]	€m	1,023	2,785	-63	126	881	-86
Adjusted free cash flow	€m	-2,579	685		-2,069	416	
Key profitability figures							
Adjusted EBITDA margin	%	-20.3	13.5	-33.8 pts	-24.4	19.6	-44.0 pts
Adjusted EBIT margin	%	-37.8	6.2	-44.0 pts	-47.4	12.8	-60.2 pts
EBIT margin	%	-53.3	5.9	-59.2 pts	-89.8	12.1	-101.9 pts
Lufthansa share							
Share price as of 30 Sep	€	7.36	14.58	-50	–	–	
Earnings per share	€	-10.79	2.18		-3.80	2.43	
Traffic figures[1]							
Flights	number	321,084	901,724	-64	95,147	326,258	-71
Passengers	thousands	32,157	111,737	-71	8,681	42,765	-80
Available seat-kilometres	millions	90,937	274,200	-67	22,333	99,597	-78
Revenue seat-kilometres	millions	61,345	227,186	-73	11,833	86,017	-86
Passenger load factor	%	67.5	82.9	-15.4 pts	53.0	86.4	-33.4 pts
Available cargo tonne-kilometres	millions	7,912	13,089	-40	2,417	4,536	-47
Revenue cargo tonne-kilometres	millions	5,362	7,942	-32	1,759	2,680	-34
Cargo load factor	%	67.8	60.7	7.1 pts	72.8	59.1	13.7 pts
Employees							
Employees as of 30 Sep	number	124,534	138,350	-10	–	–	

[1] Previous year's figures have been adjusted.
[2] Without acquisition of equity investments.
Date of publication: 5 November 2020.

Contents

Course of business

Effects of the coronavirus crisis put significant strain on business at the Lufthansa Group

— The global spread of the coronavirus had a severe impact on the Lufthansa Group's business since March 2020.

— The Lufthansa Group reduced its available capacity significantly as soon as the crisis broke out and additionally took steps to cut costs and investment spending.

— Stabilisation measures and loans of up to EUR 9bn were agreed with the Economic Stabilisation Fund (WSF) in the Federal Republic of Germany and with the governments of Switzerland, Austria and Belgium which secure the existence of the Lufthansa Group.

— With the ongoing implementation of its restructuring programme ReNew, the Group is adapting to the new market conditions and laying the foundations for repaying the funds from the stabilitsation package.

— There were signs of a tentative market recovery in July and August 2020 and flight capacities were successfully expanded compared with the preceding months, but the outlook for international air traffic has significantly worsened again in recent weeks after the end of the summer travel season and due to the renewed increase in infections and tighter travel restrictions; available seat-kilometres in the fourth quarter are only expected to reach a maximum of 25% of last year's figure.

— Traffic revenue for the Lufthansa Group airlines fell by 65% year-on-year in the first nine months of the financial year to EUR 7,404m due to lower traffic; Group revenue of EUR 10,995m was 60% down on the year.

— Operating expenses fell by 41% in total to EUR 16,345m, primarily due to the volume-related decline in the cost of materials and services, particularly for fuel, fees and charges, the introduction of short-time working for large parts of the workforce and other measures to reduce fixed costs.

— Adjusted EBIT fell to EUR -4,161m (previous year: EUR 1,715m); the Adjusted EBIT margin came to -37.8% (previous year: 6.2%); EBIT decreased to EUR -5,857m (previous year: EUR 1,637m).

— Net result for the period decreased to EUR -5,584m (previous year: EUR 1,038m); 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) declined to EUR -2,579m (previous year: EUR 685m).

— Net indebtedness of EUR 8,930m was 34% higher than at year-end 2019 (31 December 2019: EUR 6,662m); at the end of September 2020 the Group held cash and cash equivalents of EUR 10.1bn. This includes EUR 6.3bn in state stabilisation funds and loans which have not yet been utilised.

Significant events

Rating agencies downgrade rating for Lufthansa Group

— On 1 July 2020 and 2 July 2020 respectively, the rating agencies Standard & Poor's and Moody's lowered the credit rating of the Lufthansa Group from BB+ to BB and from Ba1 to Ba2 as a result of the spread of the coronavirus and its wider impact; on 14 July 2020, Scope Ratings confirmed its BBB- rating; Scope Ratings thus continues to rate the Lufthansa Group within the investment grade range.

WSF builds up 20% stake in issued capital

— As part of the stabilisation measures, on 2 July 2020 the WSF subscribed to shares by way of a capital increase and built up a 20% stake in the issued capital of Deutsche Lufthansa AG; the subscription price was EUR 2.56 per share, resulting in proceeds of EUR 306m.

WSF and European Commission approve stabilisation packages

— On 7 July 2020 the European Commission gave its approval on the coronavirus aid package of EUR 600m for Austrian Airlines agreed between the Austrian government, the Lufthansa Group and Austrian Airlines; as part of the package, Deutsche Lufthansa AG provided Austrian Airlines with EUR 150m in equity after this approval was granted.

— On 17 August 2020, the WSF approved aid packages amounting to some EUR 2.2bn from Austria, Switzerland and Belgium; this sum will be offset against the stabilisation package agreed with the WSF.

— On 21 August 2020, the stabilisation package for Brussels Airlines, in the form of a loan of EUR 290m from the Belgian state, supplemented by an equity injection of EUR 170m from Deutsche Lufthansa AG, was approved by the European Commission.

First payments from the stabilisation packages have been made

— The companies in the Lufthansa Group have received a total of EUR 2.7bn from the stabilisation packages to date; in Germany, Silent Participation II from the WSF of EUR 1,000m and another syndicated loan of EUR 1,000m from the KfW were utilised, and a further EUR 306m was received from the WSF from the capital increase; in Austria the hybrid loan of EUR 150m from the Federal Finance Agency and two tranches of the syndicated loan totalling EUR 200m were disbursed.

— In addition, the LSG Group and Lufthansa Technik received payments totalling USD 244m in the USA under the Coronavirus Aid, Relief and Economic Security Act, partly as loans and partly as grants.

Lufthansa Group decides on second and third package of its restructuring programme

— In July and September 2020 the Executive Board of Deutsche Lufthansa AG adopted the second and third packages of the Group-wide restructuring programme ReNew.

— The medium-term fleet planning now provides for a lasting capacity reduction of 150 aircraft across the Group from the middle of the decade; it will mostly be long-haul aircraft that are retired early; this includes the complete sub-fleets of the Airbus A380 and A340-600, which are to be transferred to long-term parking mode or permanently taken out of service.

— Postponements of planned aircraft deliveries mean that the investment volume for new aircraft will fall significantly; a maximum of 80 new aircraft will nonetheless join the fleets of the Lufthansa Group airlines by 2023.

— Surplus staff capacity due to the planned reduction in flight capacity comes to more than 27,000 FTE; adjustments to the long-term number of employees at the airlines will be made in line with market developments; regardless of the negotiations on the balancing of interests and severance packages for redundancies in the Lufthansa Group, the Executive Board still aims to agree on crisis packages with the collective bargaining partners to limit the number of redundancies required.

— The management structure is to be streamlined in the first quarter of 2021 with a 20% cut in the number of management positions; office space is also to be reviewed worldwide and will be reduced by 30% in Germany.

— The efforts to make Lufthansa German Airlines into an autonomous company have been advanced with the nomination of a four-person management board.

— Flight operations are being pooled, including long and short-haul leisure traffic at the hubs in Frankfurt and Munich.

— A stronger customer focus and a business model consistently based on sustainability and long-term value creation are the core elements of the future company strategy.

Lufthansa Group and the Vereinigung Cockpit pilots' union agree on short-term crisis measures

— On 19 August 2020, the Lufthansa Group and the Vereinigung Cockpit pilots' union signed a short-term crisis agreement that will apply until the end of the year.

— The agreement covers a reduction in the income supplement for short-time working pay and in employer contributions to the pension fund, as well as a postponement of the pay scale increases agreed for 2020 until January 2021; redundancies are ruled out until 31 March 2021.

— These measures apply to the pilots at Lufthansa German Airlines, Lufthansa Cargo, Lufthansa Aviation Training and some of the Germanwings pilots.

— In June 2020, the Lufthansa Group and the independent flight attendants' union UFO agreed on a package of measures to overcome the economic effects of the crisis; this will result in cost savings of more than half a billion euros by the end of 2023.

Change in the Supervisory Board of Deutsche Lufthansa AG

— Angela Titzrath and Michael Kerkloh were appointed by the court as new members of the Supervisory Board of Deutsche Lufthansa AG on 2 September 2020, as proposed by the Chairman of the Supervisory Board Karl-Ludwig Kley and in line with the provisions of the WSF stabilisation package.

— The former Supervisory Board members Monika Ribar and Martin Koehler resigned their seats to enable the appointment of the two new members.

— At its meeting on 21 September 2020, the Supervisory Board elected Michael Kerkloh to the Audit Committee of Deutsche Lufthansa AG.

Lufthansa Supervisory Board renews contract with Harry Hohmeister ahead of schedule

— At its meeting on 21 September 2020, the Supervisory Board of Deutsche Lufthansa AG decided ahead of schedule to renew the contract with Harry Hohmeister, Executive Board member responsible for Commercial Passenger Airlines, for three more years until 30 June 2024.

Financial performance

EARNINGS POSITION

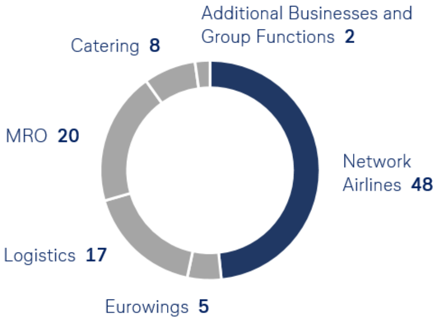
Traffic severely affected by coronavirus crisis; traffic revenue down by 65%

— Traffic for the Lufthansa Group Airlines fell significantly as a result of the coronavirus pandemic; sales (revenue passenger-kilometres) were down year-on-year by 73%, capacity (available passenger-kilometres) was cut by 67%, and the passenger load factor fell by 15.4 percentage points to 67.5%.

— 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 40%, sales (revenue cargo tonne-kilometres) fell by 32% and the cargo load factor of 67.8% was 7.1 percentage points higher than last year.

— Traffic revenue in the first nine months of 2020 was down year-on-year by 65% to EUR 7,404m due to the fall in traffic (previous year: EUR 21,405m).

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS
in % (Jan - Sep 2020)



Revenue down year-on-year by 60%

— Other revenue fell by 41% to EUR 3,591m (previous year: EUR 6,119m), mainly due to lower income in the MRO and Catering segments as well as at AirPlus and Lufthansa Aviation Training as a result of the crisis.

— Revenue of EUR 10,995m was 60% down on the year (previous year: EUR 27,524m); operating income fell by 58% to EUR 12,346m (previous year: EUR 29,230m).

REVENUE, INCOME AND EXPENSES

in €m	**Jan - Sep 2020**	Jan - Sep 2019	Change in %
Traffic revenue[1]	7,404	21,405	-65
Other revenue	3,591	6,119	-41
Total revenue[1]	**10,995**	**27,524**	**-60**
Other operating income	1,351	1,706	-21
Total operating income	**12,346**	**29,230**	**-58**
Cost of materials and services[1]	6,728	14,899	-55
of which fuel	1,610	5,095	-68
of which other raw materials, consumables and supplies and purchased goods	1,743	3,035	-43
of which fees and charges	1,446	3,431	-58
of which external services MRO	867	1,411	-39
Staff costs	5,026	6,730	-25
Depreciation	1,934	2,000	-3
Other operating expenses	2,657	4,075	-35
Total operating expenses	**16,345**	**27,704**	**-41**
Result from equity investments	-162	189	
Adjusted EBIT	**-4,161**	**1,715**	
Total reconciliation EBIT	-1,696	-78	-2,074
EBIT	**-5,857**	**1,637**	
Net interest	-239	-264	9
Other financial items	-816	260	
Profit/loss before income taxes	**-6,912**	**1,633**	
Income taxes	1,312	-572	
Profit/loss after income taxes	**-5,600**	**1,061**	
Profit/loss attributable to minority interests	16	-23	
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-5,584**	**1,038**	

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

Operating expenses decrease by 41%

— Operating expenses for the Lufthansa Group fell by 41% year-on-year to EUR 16,345m (previous year: EUR 27,704m).

— The cost of materials and services for the Lufthansa Group was 55% down on the previous year at EUR 6,728m (previous year: EUR 14,899m).

o Within the cost of materials and services, fuel expenses dropped by 68% to EUR 1,610m; this was essentially due to crisis-related lower consumption volumes, while lower market prices only had a slight impact due to hedging; the result of price hedging was EUR -177m.

o Expenses for other raw materials, consumables and supplies were down by 43% at EUR 1,743m due to lower volumes.

- Compared with traffic, expenses for fees and charges fell by less year-on-year, down 58% to EUR 1,446m.
- Expenses for external MRO services of EUR 867m were 39% down on the year; reduced flight operations only had a delayed impact on MRO expenses.

— Staff costs fell by 25% to EUR 5,026m (previous year: EUR 6,730m), particularly due to the effects of short-time working, the 5% reduction in the average number of employees and the profit-share payment which was lower than last year.

— Depreciation and amortisation fell by 3% to EUR 1,934m (previous year: EUR 2,000m).

— Other operating expenses went down by 35% to EUR 2,657m (previous year: EUR 4,075m), mainly due to lower selling expenses, a decline in other costs directly linked to business activities, and reduced marketing expenses; by contrast, impairment losses on receivables went up.

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 -4,161m (previous year: EUR 1,715m); the Adjusted EBIT margin was –37.8% (previous year: 6.2%).

— EBIT came to EUR -5,857m (previous year: EUR 1,637m); the difference to Adjusted EBIT was therefore EUR -1,696m (previous year: EUR -78m).

- The adjustments include depreciation and amortisation of EUR 1,426m for a total of 110 aircraft and right-of-use assets for aircraft that were transferred to long-term parking mode or are no longer planned to return to service; this concerned Lufthansa German Airlines (14 Airbus A380s, five Boeing B747s, 17 A340s, eleven A320s and 15 A319s, some of them leased), Austrian Airlines (three B767s, 13 Dash8-400s), Brussels Airlines (right-of-use assets for two A330s and eight A319s), Lufthansa Cargo (two MD11 freighters) and Eurowings (right-of-use assets for 15 Dash8-400s and five A321s); depreciation of reserve engines and flight simulators accounted for another EUR 49m.
- Impairment losses of EUR -157m were recognised on goodwill at the business entity LSG US and Eurowings; impairment losses of EUR 62m were recognised on joint venture investments in the MRO segment due to the crisis-induced deterioration in business prospects; the disposal group of LSG EU companies was written up by EUR 21m to reflect the expected sales price and the write-down of EUR 27m recognised as of 30 June was also reversed.

— Net interest improved by 9% to EUR -239m (previous year: EUR -264m), primarily due to non-recurring expenses for interest following a tax inspection in the previous year.

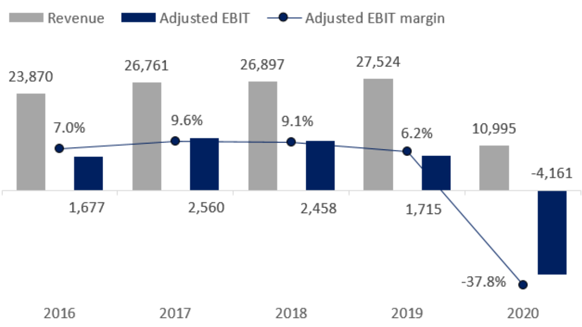
— Other financial items declined to EUR -816m (previous year: EUR 260m), particularly as a result of the negative development of the market value of fuel hedges which are recognised in the financial result due to the need to discontinue hedging relationships.

— The relief from income taxes in the amount of EUR 1,312m is related to the recognition of deferred taxes for negative earnings in the first nine months of 2020 (previous year: tax expenses of EUR 572m); the tax ratio was just 19.0%, mainly due to deferred taxes not being recognised for companies with a history of losses.

— The net loss for the Lufthansa Group fell as a result to EUR -5,584m (previous year: EUR 1,038m).

— Earnings per share amounted to EUR -10.79 (previous year: EUR 2.18).

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



RECONCILIATION OF RESULTS

	Jan - Sep 2020		Jan - Sep 2019	
in €m	**Income statement**	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue[1]	**10,995**	**–**	**27,524**	**–**
Changes in invertories and work performed by entity and capitalised	167	–	479	–
Other operating income	1,218	–	1,269	–
of which book gains	–	-12	–	-16
of which write-ups on capital assets and assets held for sale	–	-22	–	-25
Total operating income	**12,380**	**-34**	**29,272**	**-41**
Costs of materials and services[1]	-6,728	–	-14,899	–
Staff costs	-5,034	–	-6,735	–
of which past service costs/settlements	–	8	–	6
Depreciation	-3,574	–	-2,067	–
of which impairment losses	–	1,640	–	67
Other operating expenses	-2,677	–	-4,109	–
of which impairment losses on assets held for sale	–	3	–	–
of which expenses incurred from book losses	–	17	–	32
Total operating expenses	**-18,013**	**1,668**	**-27,810**	**105**
Profit/loss from operating activities	**-5,633**	**–**	**1,462**	**–**
Result from equity investments	-224	–	175	–
Impairment losses on investments accounted for using the equity method	–	62	–	14
EBIT	**-5,857**	**–**	**1,637**	**–**
Total amount of reconciliation Adjusted EBIT	–	1,696	–	78
Adjusted EBIT	**–**	**-4,161**	**–**	**1,715**
Depreciation	–	1,934	–	2,000
Adjusted EBITDA	**–**	**-2,227**	**–**	**3,715**

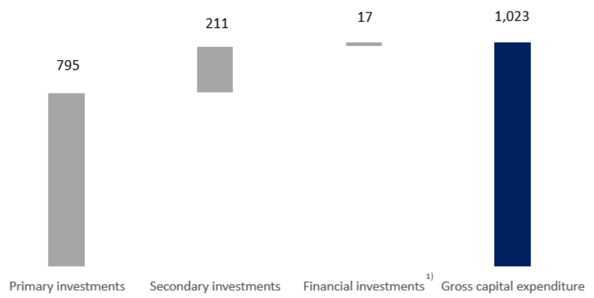
[1] Previous year's figures have been adjusted.

FINANCIAL POSITION

Investment volume reduced significantly

— Gross capital expenditure by the Lufthansa Group (without acquisition of equity investments) fell by 63% to EUR 1,023m, mainly due to the postponement of planned aircraft deliveries (previous year: EUR 2,785m).

GROSS CAPITAL EXPENDITURE in €m (Jan - Sep 2020)



[1] Without acquisition of equity investments.

Cash flow from operating activities down to EUR -1,598m; Adjusted free cash flow falls to EUR -2,579m

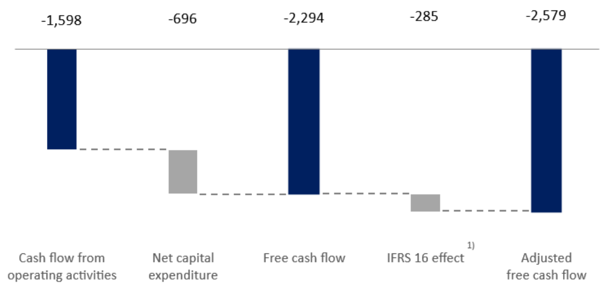
— Cash flow from operating activities fell year-on-year to EUR -1,598m due to lower pre-tax earnings (previous year: EUR 3,735m).

— The decline was lower than for pre-tax earnings due to non-cash earnings components; these particularly included impairment losses on non-current assets and assets held for sale (EUR 1,705m; previous year: EUR 81m) as well as valuation effects of financial derivatives (EUR 254m), particularly from dissolving the hedging relationship for hedging transactions; contributions also came from the absence of advance income tax payments, the deferment of payments for other taxes and the realisation of exchange rate hedges with positive market values.

— These were offset in working capital by payments of EUR 3,039m for ticket refunds in connection with flights cancelled as a result of the pandemic.

— Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) declined to EUR -2,579m due to the change in cash flow from operating activities (previous year: EUR 685m).

CASH FLOW in €m (Jan - Sep 2020)



[1] Capital payments of operating lease liabilities within cash flow from financing activities.

Financing activities and stabilisation measures generate cash inflows

— The balance of financing activities resulted in a net cash inflow of EUR 3,118m (previous year: outflow of EUR 375m).

— This stems primarily from the partial utilisation of the stabilisation measures and loans agreed in the stabilisation packages, as well as the capital increase in connection with the WSF equity investment, of EUR 2,746m in total (↗ **Significant events, p. 3**), from obtaining two borrower's note loans and from the use of credit lines and short-term borrowing for a total of EUR 1,997m.

— This funding is essentially offset by the scheduled repayment of five borrower's note loans and short-term funding (EUR 783m), as well as the repayment of aircraft financing and leasing (EUR 709m).

Liquidity up on the previous year's level

— Liquidity (total of cash and current securities) rose year-on-year by 18% to EUR 4,219m, especially due to payments from the stabilisation packages and measures to increase liquidity (previous year: EUR 3,575m); EUR 2,987m of the total was available centrally and another EUR 769m at the foreign Group airlines as of the reporting date; as of 30 September 2020, EUR 6.3bn of the government stabilisation funding and loans had not yet been utilised.

NET ASSETS

Total assets down on year-end 2019

— Total assets as of 30 September 2020 decreased by 9% on year-end 2019 to EUR 39,010m (31 December 2019: EUR 42,659m).

— Non-current assets fell by 7% to EUR 29,263m (31 December 2019: EUR 31,374m); the change was essentially due to write-downs on non-current assets, which were partly offset by the increase in deferred income tax assets.

— Current assets fell by 14% to EUR 9,747m (31 December 2019: EUR 11,285m); the decline in current trade and other receivables was partially offset by the increase in cash and cash equivalents, including current securities, resulting from net borrowing and cash inflows recognised directly in equity.

— Assets held for sale of EUR 498m included EUR 385m in the disposal group for the European catering companies and EUR 111m for a total of 38 aircraft held for sale.

— Non-current provisions and liabilities were up by 21% to EUR 19,934m (31 December 2019: EUR 16,417m), due particularly to the increase in borrowings and pension liabilities.

o Non-current borrowing of EUR 10,120m was 21% higher than at year-end 2019 (31 December 2019: EUR 8,396m); the increase stemmed mainly from utilising the loans from the state stabilisation packages; EUR 1,000m was received in Germany from the WSF Silent Participation II and another EUR 1,000m from the KfW syndicated loan; in Austria EUR 150m was paid out from the hybrid loan from the Austrian Treasury, as well as two tranches of the syndicated loan for EUR 200m in total; in the USA a total of USD 87m was utilised from loans under the CARES Act.

o Pension liabilities rose by 21% to EUR 8,073m (31 December 2019: EUR 6,659m), mainly because of the fall in the market values of plan assets and the decline of 0.1 percentage point in the interest rate used to discount the pension obligations to 1.3%.

— Current provisions and liabilities were down by 2% to EUR 15,729m (31 December 2019: EUR 15,986m), primarily due to the fall in unused flight tickets and trade payables, offset by the increase in current borrowings and derivative financial instruments.

— Liabilities of EUR 506m in connection with assets held for sale relate to the disposal group for the European catering companies.

— Shareholders’ equity fell by 67% on year-end 2019 to EUR 3,347m (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, partly offset by the capital increase of EUR 306m from the WSF.

Equity ratio down by 15.4 percentage points

— The equity ratio fell by 15.4 percentage points compared with year-end 2019 to 8.6% (31 December 2019: 24.0%).

— Net indebtedness of EUR 8,930m was 34% higher than at year-end 2019 (31 December 2019: EUR 6,662m); Adjusted Net Debt, the sum of net indebtedness and pension provisions less 50% of the hybrid bond issued in 2015, was up by 28% on the end of 2019 to EUR 16,756m (31 December 2019: EUR 13,074m).

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 - Sep 2020	Jan - Sep 2019	Change in %	**Jul - Sep 2020**	Jul - Sep 2019	Change in %
Revenue[1]	€m	5,667	19,087	-70	1,136	7,149	-84
of which traffic revenue[1]	€m	4,798	17,563	-73	940	6,625	-86
Operating expenses[1]	€m	9,899	18,269	-46	2,522	6,352	-60
Adjusted EBITDA[1]	€m	-2,252	2,999		-792	1,574	
Adjusted EBIT[1]	€m	-3,650	1,568		-1,234	1,080	
EBIT[1]	€m	-5,019	1,532		-2,333	1,045	
Adjusted EBIT margin[1]	%	-64.4	8.2	-72.6 pts	-108.6	15.1	-123.7 pts
Segment capital expenditure[1]	€m	758	2,221	-66	94	701	-87
Employees as of 30.09[1]	number	58,578	60,543	-3	–	–	
Flights[1]	number	259,640	721,205	-64	74,274	258,802	-71
Passengers[1]	thousands	25,694	90,622	-72	6,474	34,306	-81
Availabel seat-kilometres[1]	millions	82,267	248,876	-67	19,094	89,710	-79
Revenue seat-kilometres[1]	millions	54,747	206,250	-73	9,517	77,418	-88
Passenger load factor[1]	%	66.5	82.8	-16.3 pts	49.8	86.3	-36.5 pts

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

- The performance of Network Airlines has been largely determined by the effects of the coronavirus pandemic in the course of the year to date.
- Flight capacities were reduced significantly as a result of the crisis, and a large part of the fleet was retired temporarily or permanently; meanwhile the Network Airlines only operated a minimum flight programme in addition to repatriation flights to bring travellers home from around the world.
- Other steps to safeguard liquidity include HR measures such as short-time working and a hiring freeze, as well as reductions in operating costs.
- Flight capacities were gradually expanded starting in June, but the outlook for international air traffic has worsened again recently; available capacity was reduced again to around 20% of the previous year's level by the end of the reporting period in line with changes in demand.
- The health and safety of passengers and staff has the utmost priority for the Network Airlines, so all the processes in the entire travel chain were and are reviewed on an ongoing basis to ensure everyone's safety.
- In order to give their customers maximum flexibility during the coronavirus crisis, the Network Airlines still offer many rebooking options; refunds for flights cancelled because of coronavirus were also sped up in the third quarter.
- Network Airlines also guarantees its passengers that they will have a return flight on all European routes, irrespective of the fare booked, thereby providing additional security.

OPERATING FIGURES

		Jan - Sep 2020	Jan - Sep 2019 [1]	Change in %	Exchange-rate adjusted change in %	Jul - Sep 2020	Jul - Sep 2019 [1]	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	7.7	7.8	-1.9	-2.9	8.3	7.9	6.0	7.9
Unit revenue (RASK)	€ Cent	7.3	7.8	-7.3	-8.6	6.4	8.2	-21.5	-21.0
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	10.0	5.4	84.2	82.7	11.6	5.1	126.9	127.6

[1] Previous year's figures have been adjusted

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Sep 2020	Change	Jan - Sep 2020	Change	Jan - Sep 2020	Change	Jan - Sep 2020	Change	Jan - Sep 2020	Change
	in €m	in %	in thousands	in %	in millions	in %	in millions	in %	in %	in pts
Europe	1,853	-71	20,286	-71	27,218	-64	17,561	-70	64.5	-13.9 pts
America	1,265	-76	2,520	-76	29,460	-68	19,574	-75	66.4	-19.0 pts
Asia/Pacific	632	-78	1,319	-77	15,945	-70	10,693	-77	67.1	-18.6 pts
Middle East/ Africa	463	-68	1,569	-71	9,644	-64	6,919	-68	71.7	-9.2 pts
Non allocable	585	-58								
Total	**4,798**	**-73**	**25,694**	**-72**	**82,267**	**-67**	**54,747**	**-73**	**66.5**	**-16.3 pts**

- Traffic at the Network Airlines fell as a result of the coronavirus outbreak; capacity was 67% down on the previous year, whereby the number of flights was reduced by 64%; sales fell by 73%; the passenger load factor of 66.5% was 16.3 percentage points down on the year.
- Lower traffic meant that traffic revenue at the Network Airlines fell year-on-year by 73% to EUR 4,798m and revenue of EUR 5,667m was 70% down on the year; operating income was down by 68% to EUR 6,285m.
- Constant currency unit revenues fell by 8.6% due to the lower load factors in all traffic regions.
- Operating expenses declined by 46% to EUR 9,899m due to lower volumes and structural measures; expenses for fuel, fees and charges, and staff were all significantly lower than last year.
- Constant currency unit costs without expenses for fuel and emissions trading rose by 82.7%; the significant reduction in capacity was not matched in full by corresponding cuts in costs.
- Adjusted EBIT fell accordingly to EUR -3,650m (previous year: EUR 1,568m) and EBIT came to EUR -5,019m (previous year: EUR 1,532m); the difference to Adjusted EBIT stems mainly from write-downs of EUR 1,374m on the fleet.
- Segment capital expenditure was reduced by 66% to EUR 758m.

Lufthansa German Airlines[1)]

KEY FIGURES		Jan - Sep 2020	Jan - Sep 2019	Change in %
Revenue[2)]	€m	3,537	12,668	-72
Operating expenses[2)]	€m	6,562	12,077	-46
Adjusted EBITDA[2)]	€m	-1,777	1,993	
Adjusted EBIT[2)]	€m	-2,635	1,087	
EBIT[2)]	€m	-3,919	1,060	
Employees as of 30.09.[2)]	number	38,438	39,291	-2
Flights[2)]	number	159,808	430,827	-63
Passengers[2)]	thousands	15,807	55,524	-72
Available seat-kilometres[2)]	millions	53,056	162,461	-67
Revenue seat-kilometres[2)]	millions	35,263	134,615	-74
Passenger load factor[2)]	%	66.5	82.9	-16.4 pts

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

— As a result of the coronavirus crisis and as part of the restructuring packages for the Lufthansa Group, Lufthansa German Airlines retired six Airbus A380s and five Boeing 747-400s from its long-haul fleet; the remaining eight A380s and ten A340-600s will be transferred to long-term parking mode and taken out of the planning; the remaining seven Airbus A340-600s will be permanently decommissioned; in the short-haul fleet five A319s and eleven A320s will be retired and the right-of-use assets for a further ten A319s written off.

— Revenue at Lufthansa German Airlines fell year-on-year by 72% to EUR 3,537m as a result of the coronavirus crisis; operating income was down by 70% at EUR 3,963m.

— Operating expenses of EUR 6,562m were 46% down year-on-year, primarily due to the volume-related decline in the cost of materials and services and lower staff costs as a result of short-time working.

— Adjusted EBIT fell accordingly to EUR -2,635m (previous year: EUR 1,087m) and EBIT came to EUR -3,919m (previous year: EUR 1,060m); the difference to Adjusted EBIT stems mainly from write-downs of EUR 1,284m on the fleet.

SWISS[1)]

KEY FIGURES		Jan - Sep 2020	Jan - Sep 2019	Change in %
Revenue[2)]	€m	1,445	3,879	-63
Operating expenses[2)]	€m	2,039	3,576	-43
Adjusted EBITDA	€m	-116	756	
Adjusted EBIT	€m	-445	458	
EBIT	€m	-444	455	
Employees as of 31.03.	number	10,221	10,354	-1
Flights	number	46,821	127,768	-63
Passengers[2)]	thousands	5,062	16,452	-69
Available seat-kilometres[2)]	millions	17,854	47,780	-63
Revenue seat-kilometres[2)]	millions	11,815	40,132	-71
Passenger load factor	%	66.2	84.0	-17.8 pts

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

— As part of the Lufthansa Group's restructuring packages, the size of the SWISS fleet is to be reduced by postponing deliveries of short and medium-haul aircraft on order and continuously reviewing the early retirement of older aircraft.

— Thomas Klühr, Chief Executive Officer of SWISS since 2016, will leave the airline at the end of 2020 for personal reasons; the Board of Directors will decide on his successor in the fourth quarter.

— Revenue at SWISS fell by 63% to EUR 1,445m due to the coronavirus outbreak; operating income of EUR 1,594m was 60% down on the year.

— Operating expenses saw a primarily volume-related decline of 43% to EUR 2,039m due to lower expenses for fuel, fees and charges and lower staff costs.

— Adjusted EBIT fell accordingly to EUR -445m (previous year: EUR 458m); EBIT decreased to EUR -444m (previous year: EUR 455m).

Austrian Airlines

KEY FIGURES		Jan - Sep 2020	Jan - Sep 2019	Change in %
Revenue[1]	€m	414	1,612	-74
Operating expenses[1]	€m	806	1,662	-52
Adjusted EBITDA	€m	-220	143	
Adjusted EBIT	€m	-341	17	
EBIT	€m	-405	14	
Employees as of 31.03.	number	6,615	7,038	-6
Flights	number	34,866	106,165	-67
Passengers[1]	thousands	2,747	11,187	-75
Available seat-kilometres[1]	millions	6,092	21,889	-72
Revenue seat-kilometres[1]	millions	3,952	17,761	-78
Passenger load factor	%	64.9	81.2	-16.3 pts

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

— The ongoing restructuring programme at Austrian Airlines is being intensified as a result of the coronavirus pandemic; the fleet has already been reduced by three Boeing 767-300s and 13 Bombardier Dash8-400s that have been retired early.

— On 9 August 2020, the Supervisory Board of Austrian Airlines reappointed Alexis von Hoensbroech as Chief Executive Officer for another five years until July 2026.

— Wolfgang Jani, the Chief Financial Officer, left Austrian Airlines as of 31 August 2020; his responsibilities were additionally assumed by Andreas Otto, the Chief Commercial Officer.

— Revenue at Austrian Airlines fell by 74% to EUR 414m as a result of the coronavirus; operating income was down by 72% to EUR 465m.

— Operating expenses of EUR 806m were 52% down year-on-year, largely due to the volume-related decline in expenses for fuel, fees and charges and lower staff costs.

— Adjusted EBIT fell accordingly to EUR -341m (previous year: EUR 17m); EBIT decreased to EUR -405m (previous year: EUR 14m); the difference to Adjusted EBIT stems mainly from write-downs of EUR 59m on the fleet due to the coronavirus pandemic.

Brussels Airlines

KEY FIGURES		Jan - Sep 2020	Jan - Sep 2019	Change in %
Revenue	€m	339	1,137	-70
Operating expenses	€m	607	1,196	-49
Adjusted EBITDA	€m	-141	104	
Adjusted EBIT	€m	-233	1	
EBIT	€m	-256	0	
Employees as of 31.03.	number	3,304	3,860	-14
Flights	number	18,757	62,585	-70
Passengers	thousands	2,108	7,906	-73
Available seat-kilometres	millions	5,280	17,015	-69
Revenue seat-kilometres	millions	3,729	13,956	-73
Passenger load factor	%	70.6	82.0	-11.4 pts

— Following the coronavirus outbreak, Brussels Airlines intensified its existing restructuring programme once again, thus laying the foundation for a sustainable future for the airline; as part of the programme, the fleet is to be reduced by 30% and the number of employees by 25%; right-of-use assets for two Airbus A330-200s and eight Airbus A319s have already been written off in the course of adjusting the size of the fleet; in addition to these structural changes, Brussels Airlines initiated further short and long-term measures to reduce variable and fixed costs in order to counteract the effects of the coronavirus crisis.

— Revenue at Brussels Airlines fell by 70% to EUR 339m due to the coronavirus crisis; operating income of EUR 374m was 69% down on the year.

— Operating expenses decreased by 49% to EUR 607m, primarily due to the volume-related decline in the cost of materials and services; this more than offset the provisions of EUR 47m that were recognised for restructuring measures.

— Adjusted EBIT fell accordingly to EUR -233m (previous year: EUR 1m); EBIT decreased to EUR -256m (previous year: EUR 0m), the difference to Adjusted EBIT stems mainly from write-downs of EUR 31m on right-of-use assets for aircraft.

EUROWINGS BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2020	Jan - Sep 2019	Change in %	Jul - Sep 2020	Jul - Sep 2019	Change in %
Revenue[1]	€m	553	1,785	-69	176	738	-76
of which traffic revenue[1]	€m	537	1,785	-70	176	737	-76
Operating expenses[1]	€m	1,034	2,030	-49	288	740	-61
Adjusted EBITDA[1]	€m	-315	109		-61	177	
Adjusted EBIT[1]	€m	-466	-67	-596	-108	121	
EBIT[1]	€m	-563	-70	-704	-131	118	
Adjusted EBIT margin[1]	%	-84.3	-3.8	-80.5 pts	-61.4	16.4	-77.8 pts
Segment capital expenditures[1]	€m	52	103	-50	2	69	-97
Employees as of 30.09[1]	number	3,153	3,568	-12	–	–	
Flights[1]	number	61,444	180,519	-66	20,873	67,456	-69
Passengers[1]	thousands	6,462	21,115	-69	2,207	8,458	-74
Available seat-kilometres[1]	millions	8,669	25,324	-66	3,239	9,888	-67
Revenue seat-kilometres[1]	millions	6,599	20,936	-68	2,316	8,599	-73
Passengers load factors[1]	%	76.1	82.7	-6.6 pts	71.5	87.0	-15.5 pts

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

— Eurowings provisionally reduced its flight programme significantly as the coronavirus spread; capacities were increased again from June 2020, with Eurowings focusing on domestic German routes and leisure flights within Europe during the summer months; the renewed travel warnings and the resulting changes in demand meant that capacity was cut again to around 25% of last year’s level at the end of the reporting period.

— The restructuring programme at Eurowings is being intensified as a result of the coronavirus crisis; the programme aims to exploit the opportunities offered by the crisis to increase market share and sustainably boost the attractiveness and popularity of the Eurowings brand.

— Measures to deal with the effects of the coronavirus crisis include scaling down the fleet, reductions in staff costs, particularly by means of short-time working, savings on operating and project costs and other measures to safeguard liquidity.

— Health and safety have the highest priority at Eurowings; for this reason, the airline has taken extensive precautionary measures along the entire travel chain to protect public health; in addition to the steps already taken, Eurowings is introducing a free middle seat that can be booked before the flight.

— Eurowings has also introduced more flexible and customer-friendly rebooking options; Eurowings additionally offers passengers a package for increased travel security, consisting of travel cancellation insurance, travel health insurance and travel interruption insurance.

OPERATING FIGURES

		Jan - Sep 2020	Jan - Sep 2019 [1]	Change in %	Exchange-rate adjusted change in %	**Jul - Sep 2020**	Jul - Sep 2019 [1]	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	6.8	7.6	-10.6	-10.5	6.4	7.6	-15.8	-15.8
Unit revenue (RASK)	€ Cent	7.0	7.4	-4.6	-6.8	5.7	7.8	-26.9	-26.6
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	10.0	6.0	65.6	63.3	7.3	5.4	34.8	34.8

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

— Traffic at Eurowings declined following the outbreak of the coronavirus pandemic; capacity and the number of flights were each reduced by 66%, sales fell by 68% and the passenger load factor was down year-on-year by 6.6 percentage points at 76.1%.

— Lower traffic meant that traffic revenue fell year-on-year by 70% to EUR 537m and revenue of EUR 553m was 69% down on the year; operating income was down by 66% to EUR 654m.

— Constant currency unit revenues were down by 6.8% due to the crisis.

— Operating expenses were down by 49% to EUR 1,034m, mainly due to lower volume-related expenses for fees and charges and fuel, the termination of external wet leases and reductions in other fixed costs.

— Constant currency unit costs, without fuel and emissions trading expenses, rose by 63.3%, driven by the significant crisis-related capacity reduction which was only partly matched by corresponding cost savings.

— Adjusted EBIT fell to EUR -466m (previous year: EUR -67m); EBIT decreased to EUR -563m (previous year: EUR -70m), the difference to Adjusted EBIT is essentially due to write-downs of EUR 57m on goodwill and of EUR 33m on right-of-use assets for 15 Dash400-8s and five Airbus A321s which are no longer planned to resume flight operations.

— Segment capital expenditure fell by 50% to EUR 52m.

LOGISTICS BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2020	Jan - Sep 2019	Change in %	Jul - Sep 2020	Jul - Sep 2019	Change in %
Revenue	€m	1,907	1,836	4	587	598	-2
of which traffic revenue	€m	1,775	1,715	3	556	557	0
Operating expenses	€m	1,527	1,958	-22	438	672	-35
Adjusted EBITDA	€m	563	83	578	208	-8	
Adjusted EBIT	€m	446	-33		169	-48	
EBIT	€m	427	-40		169	-49	
Adjusted EBIT margin	%	23.4	-1.8	25.2 pts	28.8	-8.0	36.8 pts
Segment capital expenditure	€m	204	176	16	115	7	1,543
Employees as of 30.09	number	4,379	4,572	-4	–	–	
Available cargo tonne-kilometres[1]	millions	6,975	10,954	-36	2,205	3,807	-42
Revenue cargo tonne-kilometres[1]	millions	4,710	6,627	-29	1,580	2,248	-30
Cargo load factor[1]	%	67.5	60.5	7.0 pts	71.6	59.0	12.6 pts

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

— Traffic in the Logistics segment and total market freight capacity fell significantly following the outbreak of the coronavirus due to the absence of belly capacities on passenger aircraft; demand for the remaining freight capacities remained high in the third quarter 2020.

— The ProFlex cost-cutting programme launched in December 2019 was tightened in the course of the coronavirus pandemic; the aim is to save EUR 70m a year in operating and staff costs from the end of 2021.

— Two new Boeing 777F aircraft were added in the reporting period as part of the planned renewal of the freighter fleet; three of the six MD11 freighters will be decommissioned by the end of 2020; the remaining three MD11 freighters will be retired in 2021.

— Capacity fell by 36% overall, sales by 29%, and the cargo load factor of 67.5% was 7.0 percentage points up on the previous year.

— Traffic revenue rose year-on-year by 3% to EUR 1,775m in the first nine months due to higher yields in all traffic regions; traffic revenue grew particularly quickly year-on-year in the Asia/Pacific traffic region; revenue was up by 4% overall at EUR 1,907m.

— Operating expenses fell by 22% to EUR 1,527m, due to a volume and price-related decline in fuel expenses, lower belly expenses paid to Group companies and lower staff costs; staff and other operating costs were also reduced as a result of the cost-cutting programme ProFlex.

— Adjusted EBIT improved accordingly to EUR 446m (previous year: EUR -33m); EBIT rose to EUR 427m (previous year: EUR -40m); the difference to Adjusted EBIT stems mainly from write-downs of EUR 19m on two MD11 freighters.

— Segment capital expenditure went up by 16% to EUR 204m due to investment in two freighters.

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Sep 2020	Change	**Jan - Sep 2020**	Change	**Jan - Sep 2020**	Change	**Jan - Sep 2020**	Change
	in €m	in %	in millions	in %	in millions	in %	in %	in pts
Europe	131	-6	372	-39	189	-20	50.9	12.1 pts
America	749	4	3,276	-36	2,173	-26	66.3	8.8 pts
Asia/Pacific	811	16	2,942	-31	2,125	-27	72.3	3.5 pts
Middle East/Africa	84	-47	385	-61	223	-58	57.6	3.9 pts
Total	**1,775**	**3**	**6,975**	**-36**	**4,710**	**-29**	**67.5**	**7.0 pts**

MRO BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2020	Jan - Sep 2019	Change in %	**Jul - Sep 2020**	Jul - Sep 2019	Change in %
Revenue[1]	€m	2,973	4,892	-39	693	1,641	-58
of which with companies of the Lufthansa Group[1]	€m	821	1,688	-51	147	583	-75
Operating expenses[1]	€m	3,428	4,756	-28	874	1,602	-45
Adjusted EBITDA[1]	€m	-61	491		-39	165	
Adjusted EBIT[1]	€m	-208	351		-86	116	
EBIT[1]	€m	-309	351		-116	116	
Adjusted EBIT margin[1]	%	-7.0	7.2	-14.2 pts	-12.4	7.1	-19.5 pts
Segment capital expenditures[1]	€m	90	233	-61	19	72	-74
Employees as of 30.09[1]	number	23,260	23,530	-1	–	–	

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

— The coronavirus crisis is hurting performance in the MRO business severely; flight hours planned but not carried out, growing pressure on airlines and the resulting retirement and decommissioning of aircraft are having a drastic impact on Lufthansa Technik.

— Personnel measures like the introduction of short-time working and the deferral of investment projects have helped to cushion the effects of the coronavirus crisis; in addition to these short-term measures, various projects are under way to get the Company through the crisis successfully and ensure that it continues to play a key long-term role in the independent MRO market.

— The global network for smart engine servicing was expanded to include a fifth site in Dublin, Ireland; the aim is to keep optimising the cost structures for the maintenance of engines and engine components.

— Revenue fell year-on-year by 39% to EUR 2,973m in the first nine months of 2020 and total revenue of EUR 3,259m was 36% down on the year.

— Operating expenses fell by 28% to EUR 3,428m, mainly due to the lower cost of materials and services and staff costs; higher write-downs on receivables and spare parts were more than offset by cost-cutting measures.

— Adjusted EBIT fell accordingly to EUR -208m (previous year: EUR 351m); EBIT decreased to EUR -309m (previous year: EUR 351m); the difference to Adjusted EBIT stems mainly from write-downs on the carrying amounts of joint ventures and replacement engines.

— Segment capital expenditure fell by 61% to EUR 90m.

CATERING BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2020	Jan - Sep 2019	Change in %	**Jul - Sep 2020**	Jul - Sep 2019	Change in %
Revenue	€m	1,060	2,508	-58	246	888	-72
of which with companies of the Lufthansa Group	€m	208	555	-63	45	195	-77
Operating expenses	€m	1,391	2,499	-44	362	871	-58
Adjusted EBITDA	€m	-178	180		-44	90	
Adjusted EBIT	€m	-269	93		-74	60	
EBIT	€m	-379	52		-73	19	
Adjusted EBIT margin	%	-25.4	3.7	-29.1 pts	-30.1	6.8	-36.8 pts
Segment capital expenditure	€m	22	68	-68	1	23	-96
Employees as of 30.09[1)]	number	25,655	36,078	-29	–	–	

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

— The ongoing coronavirus pandemic and the associated contraction in global flight traffic is having a significant impact on the LSG group’s global business.

— The LSG group is focusing on reducing costs and safeguarding its liquidity; short-term measures to limit the financial impact include recruitment and project freezes, the introduction of short-time working and temporary plant closures; various measures taken and programmes within the LSG group are intended to reduce the number of employees in the international perimeter (excluding the European LSG activities) temporarily by more than half by year-end and reduce total costs by at least 30% in the medium term.

— The European Commission approved the sale of the LSG group’s European business on 3 April 2020 subject to conditions; once the conditions have been fulfilled by the buyer gategroup, the sale should be completed; the planned sale of the LSG group’s international activities has been postponed due to the coronavirus crisis.

— The effects of the coronavirus pandemic and the upcoming closing of the sale of its European business mean that the LSG group has to reorganise and define a new strategy; in this context, the group has re-evaluated its network structure and decided to close some plants, like that in Salt Lake City, Utah, USA, and withdraw from some markets, like those in Turkey and South Africa.

— At the same time, the LSG group is changing its strategic focus and will concentrate in future on three product lines: classical catering (core business), in-flight retail programmes and new business models, and IT & platform; this will enable the company to focus more closely on hybrid or pure in-flight sales models and on digitalisation; in addition, the aim is to investigate alternative new business areas that bring more work to the catering facilities and thus reduce overcapacities.

— The LSG group’s revenue fell year-on-year by 58% to EUR 1,060m as a result of the sharp decline in passenger numbers at the LSG group’s global customers due to the coronavirus crisis; total revenue was down by 56% to EUR 1,141m.

— Operating expenses of EUR 1,391m were 44% down on the year due to cost reductions in all areas.

— The cost cutting was only partly able to offset the decline in revenue, however. Adjusted EBIT fell accordingly to EUR -269m (previous year: EUR 93m); EBIT decreased to EUR -379m (previous year: EUR 52m); the difference to Adjusted EBIT stems mainly from the write-down of EUR 100m on goodwill for LSG North America.

— Segment capital expenditure fell by 68% to EUR 22m.

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES

		Jan - Sep 2020	Jan - Sep 2019	Change in %	**Jul - Sep 2020**	Jul - Sep 2019	Change in %
Revenue	€m	1,701	1,964	-13	532	680	-22
Operating expenses	€m	1,776	2,144	-17	488	718	-32
Adjusted EBITDA	€m	10	-93		74	-10	
Adjusted EBIT	€m	-77	-169	54	45	-34	
EBIT	€m	-91	-161	43	38	-35	
Segment capital expenditures	€m	50	46	9	18	16	13
Employees as of 30.09[1)]	number	9,509	10,059	-5	–	–	

— Total operating income for Additional Businesses and Group Functions fell year-on-year by 13% to EUR 1,701m due to the crisis.

— Operating expenses of EUR 1,776m were 17% down on the year.

— Adjusted EBIT improved accordingly to EUR -77m (previous year: EUR -169m); lower earnings at AirPlus and Lufthansa Aviation Training were offset by cost reductions in the Group Functions; EBIT improved to EUR -91m (previous year: EUR -161m); the difference to Adjusted EBIT stems mainly from past service costs for pension commitments to employees in Group Functions and write-downs on flight simulators.

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:

— The global economic environment for the industry and the Company has deteriorated to an unprecedented extent as a result of the coronavirus pandemic.

— The number of new coronavirus infections is rising again in many countries in Europe and worldwide. It must also be assumed that there is a large number of unreported cases in many developing and emerging economies. The effects, particularly the travel restrictions to slow the spread of the pandemic, will have a long-term impact on the airline industry. 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. In addition, the Group is analysing the potential for measures such as testing passengers using antigen tests in order to reduce the need for quarantines and other travel restrictions.

— The Lufthansa Group has taken wide-ranging steps to cut costs and safeguard liquidity, including introducing short-time working, grounding part of the fleet, postponing aircraft deliveries and freezing non-essential spending. 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. To bridge the effects of the coronavirus pandemic, the Lufthansa Group has received loans and other repayable state funding from Germany, Austria, Switzerland, Belgium and the USA. They ensure the liquidity of the Group as a whole, but do not rule out individual Group companies from becoming insolvent.

— Cooperation with works councils and labour unions is vital for the introduction of short-time work and for reducing costs by renegotiating existing collective-agreements and works agreements. There is a risk that the works councils and labour union partners will not be sufficiently willing to cooperate.

— The drastic reduction in air travel is resulting in profound changes in supply chains both in terms of the sharp decrease in volume demanded and with regard to their structure. The resulting risk is that not only will existing contract arrangements no longer be valid but suppliers will also default either in part or in full. Continuous dialogue with critical suppliers and the renegotiation of affected contracts aim to reduce the risk of default.

— Reduced air travel also implies a significant change in exposure to fuel prices and exchange rates. Until air travel picks up again to a greater extent, 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.

— 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.

— Further downgrades by the rating agencies would be likely to have negative effects on the Company's ability to finance itself on the capital market. These effects include a reduced market capacity for borrowing capital and increased financing costs.

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

Forecast

— The outlook for international air traffic has significantly worsened again in all relevant markets in recent weeks after the end of the summer travel season and due to the renewed increase in infections and tighter travel restrictions; the further progression of the pandemic, the measures to contain the virus, specifically with regard to travel restrictions, and the short-term effects of the pandemic on customer confidence cannot be reliably predicted.

— It is therefore 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 business segment is expected to see performance that deviates from the Group as a whole; the Group assumes that the positive earnings performance, driven by higher average yields resulting from the loss of belly capacities on passenger aircraft, will continue for the remainder of the year; the segment will thus achieve a double-digit Adjusted EBIT margin for financial year 2020.

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

Consolidated income statement
January - September 2020

CONSOLIDATED INCOME STATEMENT

in €m	**Jan - Sep 2020**	Jan - Sep 2019	**Jul - Sep 2020**	Jul - Sep 2019[1]
Trafic revenue[1]	7,404	21,405	1,763	8,030
Other revenue	3,591	6,119	897	2,078
Total revenue[1]	**10,995**	**27,524**	**2,660**	**10,108**
Changes in inventories and work performed by entity and capitalised	167	479	9	160
Other operating income[2]	1,218	1,269	421	474
Cost of materials and services[1]	-6,728	-14,899	-1,601	-5,268
Staff costs	-5,034	-6,735	-1,414	-2,215
Depreciation, amortisation and impairment[3]	-3,574	-2,067	-1,791	-738
Other operating expenses[4]	-2,677	-4,109	-629	-1,388
Profit/loss from operating activities	**-5,633**	**1,462**	**-2,345**	**1,133**
Result of equity investments accounted for using the equity method	-226	112	-42	61
Result of other equity investments	2	63	-2	26
Interest income	70	52	37	17
Interest expenses	-309	-316	-114	-53
Other financial items	-816	260	-27	337
Financial result	**-1,279**	**171**	**-148**	**388**
Profit/loss before income taxes	**-6,912**	**1,633**	**-2,493**	**1,521**
Imcome taxes	1,312	-572	520	-359
Profit/loss after income taxes	**-5,600**	**1,061**	**-1,973**	**1,162**
Profit/loss attributable to non-controlling interests	16	-23	6	-8
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-5,584**	**1,038**	**-1,967**	**1,154**
Basic/diluted earnings per share in €	**-10.79**	**2.18**	**-3.80**	**2.43**

[1] Previous year's figures have been adjusted.
[2] This includes EUR 24m (previous year: EUR 23m) from the reversal of write-downs on non-current receivables.
[3] This includes EUR 2m (previous year: EUR 38m) for write-downs on non-current receivables.
[4] This includes EUR 202m (previous year: EUR 79m) for the recognition of loss allowances on receivables.

Consolidated statement of comprehensive income
January - September 2020

STATEMENT OF COMPREHENSIVE INCOME

in €m	**Jan - Sep 2020**	Jan - Sep 2019[1)]	**Jul - Sept. 2020**	Jul - Sept. 2019
Profit/loss after income taxes	**-5,600**	**1,061**	**-1,973**	**1,162**
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	-52	128	-79	84
Subsequent measurement of financial assets at fair value without effect on profit and loss	-13	17	1	1
Subsequent measurement of hedges - cash flow hedge reserve	-509	442	-229	-64
Subsequent measurement of hedges - costs of hedges	101	214	96	-68
Other comprehensive income from investments accounted for using the equity method	3	2	1	–
Other expenses and income recognised directly in equity	-2	17	–	5
Income taxes on items in other comprehensive income	77	-164	18	31
	-395	**656**	**-192**	**-11**
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	-1,331	-2,472	-659	-1,672
Subsequent measurement of financial assets at fair value	–	5	–	–
Other expenses and income recognised directly in equity	-6	0	-2	–
Income taxes on items in other comprehensive income	119	699	169	365
	-1,218	**-1,768**	**-492**	**-1,307**
Other comprehensive income after income taxes	**-1,613**	**-1,112**	**-684**	**-1,318**
Total comprehensive income	**-7,213**	**-51**	**-2,657**	**-156**
Comprehensive income attributable to minority interests	22	-25	8	-11
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	**-7,191**	**-76**	**-2,649**	**-167**

Consolidated statement of financial position
as of 30 September 2020

CONSOLIDATED BALANCE SHEET - ASSETS

in €m	**30.09.2020**	31.12.2019	30.09.2019
Intangable assets with an indefinite useful life[1)]	1,235	1,395	1,394
Other intangible assets	522	547	509
Aircraft and reserve engines	16,043	18,349	18,238
Repairable spare parts for aircraft	2,009	2,270	2,297
Property, plant and other equipment	3,805	4,041	3,984
Investments accounted for using the the equity method	440	672	703
Other equity investments	257	256	241
Non-current securities	53	53	32
Loans and receivables	413	469	404
Derivative financial instruments	557	906	1,575
Deferred charges and prepaid expenses	92	116	109
Effective income tax receivables	34	32	36
Deferred tax assets	3,803	2,268	2,598
Non-current assets	**29,263**	**31,374**	**32,120**
Inventories	858	980	947
Contract assets	171	277	216
Trade receivables and other receivables	3,347	5,417	6,000
Derivative financial instruments	242	459	472
Deferred charges and prepaid expenses	271	245	356
Effective income tax receivables	139	153	98
Securities	2,620	1,970	2,648
Cash and cash equivalents	1,601	1,415	927
Assets held for sale	498	369	403
Current assets	**9,747**	**11,285**	**12,067**
Total assets	**39,010**	**42,659**	**44,187**

[1)] Including Goodwill.

CONSOLIDATED BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	**30.09.2020**	31.12.2019	30.09.2019[1)]
Issued Capital	1,530	1,224	1,217
Capital reserve	378	378	343
Retained earnings	5,618	5,617	4,607
Other neutral reserves	1,334	1,715	1,679
Net profit/loss	-5,584	1,213	1,038
Equity attributable to shareholders of Deutsche Lufthansa AG	**3,276**	**10,147**	**8,884**
Minority interests	71	109	107
Shareholders' equity	**3,347**	**10,256**	**8,991**
Pension provisions	8,073	6,659	7,914
Other provisions	523	490	497
Borrowings	10,120	8,396	8,114
Contract liabilities	25	25	22
Other financial liabilities	215	76	102
Advance payments received, deferred income and other non-financial liabilities	113	32	53
Derivative financial instruments	323	128	188
Deferred tax liabilities	542	611	661
Non-current provisions and liabilities	**19,934**	**16,417**	**17,551**
Other provisions	734	794	785
Borrowings	3,000	1,634	1,510
Trade payables and other financial liabilities	4,581	5,351	6,349
Contract liabilities from unused flight documents	2,729	4,071	4,499
Other contract liabilities	2,785	2,675	2,627
Advance payments received, deferred income and other non-financial liabilities	346	382	440
Derivative financial instruments	459	137	318
Effective income tax obligations	589	402	478
Liabilities in connection with assets held for sale	506	540	639
Current provisions and liabilities	**15,729**	**15,986**	**17,645**
Total shareholders' equity and liabilities	**39,010**	**42,659**	**44,187**

1) Previous year's figures have been restated.

Consolidated statement of changes in shareholders' equity
as of 30 September 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	–	–	-9	–	–	–	-9	1,792	-1,783	–	–	–
Dividends to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	-380	-380	-28	-408
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/loss attributable to Lufthansa shareholders/minorities	–	–	–	–	–	–	–	–	1,038	1,038	23	1,061
Other expenses and income recognised directly in equity	–	–	514	128	–	17	659	-1,773	–	-1,114	2	-1,112
Hedging results reclassified from non-financial assets to acquisition costs	–	–	-156	–	–	–	-156	–	–	-156	–	-156
As of 30.09.2019	**1,217**	**343**	**586**	**516**	**236**	**341**	**1,679**	**4,607**	**1,038**	**8,884**	**107**	**8,991**
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	306	–	–	–	–	–	–	–	–	306	–	306
Reclassifications	–	–	-	–	–	–	–	1,213	-1,213	–	–	–
Dividends to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	–	–	-16	-16
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/loss attributable to Lufthansa shareholders/minorities	–	–	–	–	–	–	–	–	-5,584	-5,584	-16	-5,600
Other expenses and income recognised directly in equity	–	–	-344	-52	–	1	-395	-1,212	–	-1,607	-6	-1,613
Hedging results reclassified from non-financial assets to acquisition costs	–	–	14	–	–	–	14	–	–	14	–	14
As of 30.09.2020	**1,530**	**378**	**294**	**451**	**236**	**353**	**1,334**	**5,618**	**-5,584**	**3,276**	**71**	**3,347**

Consolidated cash flow statement

January - September 2020

CONSOLIDATED CASH FLOW STATEMENT

in €m	Jan - Sep 2020	Jan - Sep 2019	Jul - Sep 2020	Jul - Sep 2019
Cash and cash equivalents at start of period[1]	**1,431**	**1,434**	**1,237**	**1,000**
Net profit/loss before income taxes	-6,912	1,633	-2,493	1,521
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	3,575	2,042	1,793	738
Depreciation, amortisation and impairment losses on current assets (net of reversals)	93	71	44	27
Net proceeds on disposal of non-current assets	12	16	3	2
Result of equity investments	224	-175	44	-87
Net interest	239	264	77	36
Income tax payments/reimbursements	109	-722	-3	-162
Significant non-cash-relevant expenses/income	244	-334	-141	-343
Change in trade working capital	-161	1,075	-1,595	-377
Change in other assets/shareholders' equity and liabilities	979	-135	310	-13
Cash flow from operating activities	**-1,598**	**3,735**	**-1,961**	**1,342**
Capital expenditure for property, plant and equipment and intangible assets	-1,006	-2,728	-123	-840
Capital expenditure for financial investments	-17	-57	-3	-41
Additions/loss to repairable spare parts of aircraft	163	-226	77	-15
Proceeds from disposal of non-consolidated equity investments	3	-	4	-
Proceeds from disposal of consolidated equity investments	-	3	-	-
Cash outflows for acquisitions/capital increase of/at non-consolidated equity investments	-11	-66	-6	-17
Cash outflows for acquisitions of consolidated equity investments	-	-	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	90	75	6	15
Interest invome	54	50	7	12
Dividends received	28	177	15	56
Net cash from/used in investing activities	**-696**	**-2,772**	**-23**	**-830**
Purchase of securities/fund investments	-7,392	-2,952	-1,942	-1,385
Disposal of securities/fund investments	6,814	1,870	1,774	1,061
Net cash from/used in investing and cash management activities	**-1,274**	**-3,854**	**-191**	**-1,154**
Capital increase	306	-	306	-
Transactions by non-controlling interests	-	-	-	-
Non-current borrowing	4,444	3,094	2,660	662
Repayment of non-current borrowing	-1,503	-2,982	-377	-870
Dividends paid	-16	-408	1	-4
Interest paid	-113	-79	-6	-36
Net cash from/used in financing activities	**3,118**	**-375**	**2,584**	**-248**
Net increase/decrease in cash and cash equivalents	**246**	**-494**	**432**	**-60**
Changes due to currency translation differences	-23	3	-15	3
Cash and cash equivalents 30 Sep[2]	**1,654**	**943**	**1,654**	**943**
Less cash and cash equivalents of companies held for sale as of 30 Sep	**55**	**16**	**55**	**16**
Cash and cash equivalents of companies not classified as held for sale as of 30 Sep[2]	**1,599**	**927**	**1,599**	**927**
Securities	2,620	2,648	2,620	2,648
Liquidity	**4,219**	**3,575**	**4,219**	**3,575**
Net increase/decrease in liquidity	834	406	560	169

[1] Amount as of 01/01/2020 (04/01/2020) includes EUR 16 (26)m, which were included in assets held for sale as of 12/31/2019 (03/31/2020).
[2] The difference between the bank balance and cash-in-hand shown in the statement of financial position comes from fixed-term deposits of EUR 2m with terms of four to twelve months (previous year: EUR 0m).

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 30 September 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 30 September 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.

On the basis of the current corporate planning and in view of the funding measures described in the following section, the Executive Board of the Company considers the Group's liquidity for the next twelve months to be secure. These interim financial statements have therefore been prepared on a going concern basis.

2 Funding measures to achieve economic stability

After the Federal Republic of Germany's Economic Stabilisation Fund's approval of the stabilisation package for Deutsche Lufthansa AG on 25 May 2020 and the approval of the shareholders of Deutsche Lufthansa AG at the extraordinary general meeting held on 25 June 2020 regarding the capital measures agreed with the Economic Stabilisation Fund, the corresponding agreements with the Economic Stabilisation Fund were signed on 29 June 2020 and with KfW and a banking consortium on 1 July 2020.

The support package has a total volume of up to EUR 9bn and comprises a 20% direct equity investment from the WSF in Deutsche Lufthansa AG of around EUR 0.3bn, a silent participation which can be recognised as equity worth EUR 4.7bn (Silent Participation I), a silent participation reported under borrowed capital worth EUR 1bn (Silent Participation II) and a credit facility of EUR 3bn provided by the KfW and a banking consortium. Funding from other governments will be offset against the support package from the WSF. These commitments came to EUR 2.2bn as of 30 September, so that the total volume of state aid provided by the German government is EUR 6.8bn.

Certain parts of Silent Participation II can be converted into shares in the event of a takeover, a dilution of the shares held by WSF or if no coupon payments are made on Silent Participation I. Annual coupon payments with an increasing rate of interest over the term have been agreed for the silent participations. Silent Participation I has no fixed term. Silent Participation II has a term of six years and can be extended annually thereafter, as long as Silent Participation I has not been repaid and the shareholding has not come to an end.

The capital increase agreed in the package took effect when it was entered in the commercial register on 2 July 2020. The subscription price was EUR 2.56 per share, so the cash contribution came to around EUR 0.3bn. Silent Participation II was paid out in full by the WSF at the same time.

None of Silent Participation I had been utilised as of 30 September 2020. Funding of EUR 153m agreed in Belgium and Austria is offset against Silent Participation I; EUR 4.5bn is still available from Silent Participation I.

The framework agreement with the Economic Stabilisation Fund provides for extensive information and auditing rights for the Economic Stabilisation Fund and obligations for the Lufthansa Group including regarding the suspension of dividend payments, limitations on management compensation, a commitment not to make equity investments, waiver of up to 24 slots at both the Frankfurt and Munich airports and pursuit of a sustainable corporate policy. 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 to sell its shareholding in full at the market price by 31 December 2023 or after this point in time when the conditions have been fulfilled.

The credit line, originally of up to EUR 3bn, from the KfW and the banking consortium will pay interest at a floating rate dependent on the rating and has a term of three years. A total of EUR 1.0bn was used from the KfW credit facility as of the reporting date. Of the funding involving state aid for the subsidiaries in Belgium, Austria and Switzerland, EUR 2.0bn is offset against the credit facility from the KfW and the banking consortium; the total volume of this credit line comes to EUR 1.0bn. The credit facility is secured by shares in various entities in Malta and Austria that own a total of 327 aircraft. The loan agreement contains covenants and obligations for the Lufthansa Group, including a requirement to hold a minimum amount of liquidity. The credit facility may not be used to finance SWISS, Edelweiss, Austrian Airlines or Brussels Airlines.

The Swiss federal government guaranteed credit lines of CHF 1.5bn (approximately EUR 1.4bn) for the two Swiss airlines in the Lufthansa Group, SWISS and Edelweiss, on 29 April 2020. The facility is provided by a consortium of Swiss banks. It will pay interest at a floating rate depending on the rating and has a term of five years, with two one-year extension options. It is 85% guaranteed by the Swiss federal government and secured by shares in

Airtrust AG, Swiss International Air Lines AG and Edelweiss Air AG that are held directly or indirectly by Deutsche Lufthansa AG. The corresponding loan agreement was signed on 20 August 2020. It stipulates that the loans may only be used for SWISS and Edelweiss and that no dividend payments may be made by the borrowers for as long as they make use of the credit facility. A number of bank accounts were pledged as collateral in this context, but may still be used to handle payments as long as the obligations under the framework agreement are met. Furthermore, the companies are obliged to abide by covenants relating to minimum liquidity, minimum equity and future minimum earnings. The credit facility had not been used as of 30 September 2020.

The Austrian federal government, Lufthansa and Austrian Airlines reached an agreement on 8 June 2020 on the key aspects of a coronavirus aid package worth EUR 600m for Austrian Airlines. The measures provide for equity capital of EUR 300m to be injected into Austrian Airlines, an amount to be split 50/50 by Lufthansa and the Austrian government, as well as debt financing of EUR 300m. Lufthansa's contribution of EUR 150m was made by way of a shareholder contribution by Lufthansa to Austrian Airlines via the existing holding structure. The contribution from the Austrian state, also of EUR 150m, was structured in the contract of 28 August 2020 as a subordinated loan, for which a repayment waiver is expected in 2021. The waiver is subject to the condition that Austrian Airlines suffered damage of at least EUR 150m as a result of COVID-19. This condition has been confirmed. The loan had been fully disbursed as of 30 September 2020. As regards the debt component, a credit line of EUR 300m was agreed with a consortium of Austrian banks on 25 June 2020, of which the Austrian state has guaranteed 90% in the context of the special Austrian COVID-19 legislation. The shares in Austrian Airlines AG, 38 aircraft and shares in two aircraft holding companies were pledged to the banking consortium as additional collateral for these credit lines. In addition, it was agreed that interest and fees are to be paid a year in advance and that future income from aircraft sales and insurance payments are to be paid to accounts held as collateral. Finally, the contract prohibits Austrian Airlines AG from paying a dividend during the term of the agreement. The credit line runs until the end of 2025, is subject to a fixed interest rate and EUR 200m had been used as of 30 September 2020.

A stabilisation agreement was signed with the Belgian government on 1 September 2020 for a total of EUR 290m, made up of a credit facility of EUR 287m for SN Airholding SA/NV and a participation certificate for EUR 3m to be issued by Brussels Airlines SA/NV. In connection with this agreement, the Lufthansa Group pledged its shares and participation rights to the Belgian state agency Société fédérale de participations et d'investissement. The agreements also prohibit dividend payments by Brussels Airlines SA/NV, set a cap on management remuneration and provide for coordinated activities to develop the range of flights available from Brussels Airport. The participation certificate and the loan will pay interest at a floating rate with annual increases. As of 30 September 2020, the participation certificate was fully paid in, whereas the loan had not been utilised.

The "Coronavirus Aid, Relief and Economic Security Act" ("CARES Act"), which is designed to mitigate the negative economic impact of the COVID-19 pandemic, came into force in the US on 27 March 2020. On 3 April 2020, the LSG group submitted applications to the US Department of the Treasury for the Payroll Support Program feature of the legislation for three companies in an amount totalling USD 307m, with the Lufthansa Technik group submitting applications worth USD 50m for four companies. In the third quarter of the current financial year, the LSG group was awarded a loan of USD 79m and grants of USD 135m, which were disbursed in the period. The Lufthansa Technik group was awarded and received a loan of USD 8m and a grant of USD 22m. The support is tied to a commitment to maintain a defined level of employment.

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

TOTAL REVENUE

Based on the IFRIC agenda decision on 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 and the cost of materials and services by the same amount. The Lufthansa Group applied this amendment as of 31 December 2019. This adjustment reduced the traffic revenue reported as of 30 September 2019 by EUR 176m.

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	5,089	3,522	766	108	460	117	116
Lufthansa German Airlines	3,022						
SWISS[2]	1,371						
Austrian Airlines	378						
Brussels	318						
Eurowings[2]	540	533	4	1	2	–	–
Logistics	1,775	803	189	62	679	15	27
Total	**7,404**						

[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]	17,901	11,437	3,404	396	1,851	458	355
Lufthansa German Airlines[3]	7,265						
SWISS[2]	3,782						
Austrian Airlines	1,485						
Brussels Airlines[3]	1,073						
Eurowings[2][3]	1,789	1,734	30	6	15	3	1
Logistics	1,715	858	197	69	513	23	55
Total	**21,405**						

[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, Germanwings GmbH and longhaul operations of Eurowings to the Network Airlines.

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	2,152	913	563	79	408	122	67
MRO services	1,798						
Other operating revenue	354						
Catering	852	133	524	43	112	18	22
Catering services	720						
Revenue from in-flight sales	41						
Other services	91						
Network Airlines	231	199	11	1	13	4	3
Eurowings	5	5	–	–	–	–	–
Logistics	113	78	27	1	3	4	–
Additional Businesses and Group Functions	238	160	22	8	31	12	5
IT services	126						
Travel management	71						
Other	41						
Total	**3,591**						

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	3,204	1,411	795	214	576	132	76
MRO services	2,768						
Other operating revenue	436						
Catering	1,953	365	1,036	115	351	53	33
Catering services	1,648						
Revenue from in-flight sales	127						
Other services	178						
Network Airlines[2)]	457	368	34	5	36	6	8
Eurowings[2)]	5	5	–	–	–	–	–
Logistics	89	53	31	–	–	5	–
Additional Businesses and Group Functions	411	295	33	9	55	12	7
IT services	138						
Travel management	209						
Other	64						
Total	**6,119**						

1) Traffic revenue is allocated according to the original location of sale.
2) Previous year restated because of the segment change for Brussels Airlines, Germanwings Gmbh and longhaul operations of Eurowings to Network Airlines.

AIRCRAFT AND RESERVE ENGINES

Rights to 38 aircraft with a carrying amount of EUR 218m were pledged to a banking consortium in connection with the state funding to stabilise Austrian Airlines in Austria. Deutsche Lufthansa AG also secured new bank borrowing against three aircraft with a carrying amount of EUR 326m.

DEFERRED TAXES

Deferred taxes have been capitalised in full for the losses incurred in Germany during the financial year. As the losses were triggered by an exogenous shock with a temporary impact and the Company expects to be able to use the deferred tax assets when it generates sufficient positive tax results in the foreseeable future, they are expected to be recoverable in full. Tax loss carry-forwards are not subject to any restrictions regarding the period of time in which they can be used in Germany.

ASSETS CLASSIFIED AS HELD FOR SALE

Assets with a carrying amount of EUR 498m were held for sale as of 30 September 2020. This primarily relates to EUR 385m of the assets of the disposal group “European commercial activities of the LSG group” which were sold to gategroup Holding AG by contract dated 6/7 December 2019. This disposal group also included all liabilities which are reported under liabilities allocated to assets held for sale in the amount of EUR 506m. The European competition authorities approved the transaction subject to conditions on 3 April 2020. The fulfilment of these conditions has been delayed due to the overall economic conditions resulting from the impact of the coronavirus, and changes were made to the sales contract in regard of some of the implementation aspects. The aim is now for a closing in the fourth quarter of 2020. Based on the current price estimate and net assets, the write-down recognised as of 30 September 2020 was EUR 30m, which is EUR 21m less than at year-end 2019.

This item also includes aircraft and reserve engines held for sale with a carrying amount of EUR 111m. They include three Boeing MD11s, five Boeing B747s, three Boeing B767s, five Airbus A321s, eleven Airbus A320s and ten Dash 8-400s.

PENSION PROVISIONS

The discount rate used to calculate obligations in Germany was 1.3%. As of 31 December 2019, the rate was 1.4%. A discount rate of 0.2% 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. In addition, EUR 95m was withdrawn from the plan assets for the German pension plans for pension payments made in the reporting period.

CONTRACT LIABILITIES FROM UNUSED FLIGHT DOCUMENTS

The contract liabilities from unused flight documents of EUR 2,729m include EUR 333m for which customers had made reimbursement claims by the end of the reporting period. Further reimbursement claims are expected given that the flight schedule remains severely restricted.

CHANGES IN ESTIMATES

In view of the almost complete cessation of passenger 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 B747s, eight Airbus A380s, 17 Airbus A340s and eleven Airbus A320s, five owned Airbus A319s and another ten leased Airbus A319s at Lufthansa German Airlines, three Boeing B767s and 13 Bombardier Dash 8-400s at Austrian Airlines, five Airbus A321s and 15 leased Bombardier Dash 8-400s at Eurowings and two leased Airbus A330s and eight leased 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 not return into operation. Impairment testing was carried out for the aircraft and right-of-use assets on aircraft concerned, which resulted in a total impairment loss of EUR 1,426m on the basis of the forecast sales prices and due to a lack of other values in use under the leases. This includes write-downs on the expected realisable value of two Boeing MD11 freighters which had already been held for sale before the crisis. As a result of the crisis, further impairment losses of EUR 43m were recognised on reserve engines and of EUR 6m on flight simulators for which no further use is planned.

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 in the first quarter of 2020. These were based on updated cash flow and earnings forecasts, which predict that the operating environment will only recover slowly in the years ahead. Compared with year-end 2019, the tests were performed with a discount rate that was 1 percentage point higher 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 loss at 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 and EBITDA margin were each reduced by 0.5 percentage points. 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. There is currently no information or plan that differs significantly and lastingly from the estimates in the first quarter.

Due to the drastic changes in the overall conditions and the resulting need to revise profit forecasts, significant investments accounted for using the equity method were tested for any impairment. Using the above-described adjustments, the equity investment in Sun Express did not reveal any need for impairment. Given what is expected to be a dramatic drop in the number of Airbus A380s in operation, which are supplied with spare parts by the joint venture Spairliners in the MRO segment, the remaining carrying amount of EUR 26m was written off in full. The projections do not point towards any positive value contributions overall for the future. Negotiations are currently under way with the co-shareholder regarding the future business orientation of the joint venture Xeos, which offers engine maintenance services. Based on weighted scenario calculations and a discount factor that was 2 percentage points higher, the test revealed an impairment of EUR 36m.

Because flight operations have largely come to a standstill, purchases of kerosene and cash flows in foreign currencies have been significantly reduced. As a result, hedged transactions were no longer concluded for a large number of hedges in these areas in the period from April to September. No further hedged transactions are expected to be concluded in the foreseeable future either, meaning that hedge accounting in accordance with IFRS 9 can no longer be applied. See also the comments in ↗ **Note 5 (Financial instruments)**.

OTHER GOVERNMENT AID MEASURES

Total state subsidies of EUR 203m were collected as of 30 September 2020. They are primarily attributable to the reimbursement of wage-replacement benefits and social security contributions paid in the context of short-time working in Germany, Austria and Switzerland and are reported under staff costs, decreasing these expenses. Another EUR 58m in non-specific subsidies were shown in other operating income. As part of the CARES Act in the USA, LSG and Lufthansa Technik companies also received grants of USD 104m. These will only be disbursed at a later date once the necessary evidence has been provided. Liabilities resulting from import sales tax due for payment in 2021, in the total amount of EUR 485m as of the reporting date, were deferred.

In addition to the amounts granted to the companies in connection with short-time working, employees also received direct state support in the form of salary-replacement benefits.

4 Seasonality

The Group's business activities are normally exposed to seasonal effects via the Network Airlines and Eurowings segments in particular. 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.

Due to the impact of the COVID-19 pandemic, however, the volume of business plummeted overall and no longer shows any signs of seasonal effects.

5 Contingencies and events after the reporting period

CONTINGENT LIABILITIES

in €m	**30.09.2020**	31.12.2019
From guarantees, bills of exchange and cheque guarantees[1]	794	935
From warranty contracts	326	378
From providing collateral for third-parties liabilities	20	47
	1,140	**1,360**

[1] Prior year figure adjusted

Provisions for other contingent liabilities were not made because it was not sufficiently probable that they would be necessary. The potential financial effect of these provisions on the result would have been EUR 56m in total (as of 31 December 2019: EUR 55m).

As of 30 June 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 September 2020, there were order commitments of EUR 13.8bn 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. Contracts to buy aircraft were renegotiated as a result of the coronavirus crisis and delivery of some of the orders was postponed to later dates than was the case on 31 December 2019.

6 Financial instruments and financial liabilities

FINANCIAL INSTRUMENTS

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

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

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

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

As of 30 September 2020, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 30.09.2020

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**2,620**	**4**	**–**	**2,624**
Financial derivatives classified as held for trading	–	4	–	4
Securities	2,620	–	–	2,620
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**795**	**–**	**795**
Financial assets at fair value through other comprehensive income	**11**	**11**	**–**	**22**
Equity instruments	11	11	–	22
Debt instruments	–	–	–	–
Total assets	**2,631**	**810**	**–**	**3,441**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 30.09.2020

in €m	Level 1	Level 2	Level 2	Total
Derivative financial instruments at fair value through profit or loss	–	-159	–	-159
Derivative financial instruments which are an affective part of a hedging relationship	–	-622	–	-622
Total liabilities	**–**	**-781**	**–**	**-781**

The decline in flight traffic due to the coronavirus crisis meant that fuel prices and foreign currencies were “overhedged”, meaning hedging relationships previously designated under hedge accounting rules had to be terminated early. The corresponding hedges are therefore accounted for as stand-alone derivatives. As of 30 September 2020, the realised result of expired, stand-alone derivatives was EUR -638m, which was recognised in the financial result. Fuel hedges accounted for expenses of EUR 660m and foreign currency hedges for income of EUR 22m. Changes in the market value of outstanding “de-designated” hedges reduced financial earnings by EUR 105m, of which fuel hedging accounted for EUR 104m and operating exchange rate hedges for EUR 1m. Overall, de-designated hedging relationships therefore had an earnings impact of EUR -743m. EUR 566m has been paid out in cash to date to settle the underlying transactions.

CO_2 emissions certificates valued at EUR 220m were sold and simultaneously repurchased on the market in what are known as “repo” agreements so that economic ownership of the certificates is maintained.

Long-term foreign currency hedges were also realised early, generating cash proceeds of EUR 428m. The amounts will remain in the market valuation reserve until the hedged transactions have taken place and will then be allocated to the corresponding investments.

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).

Information regarding the loan funds received under the state stabilisation measures can be found in specification 2.

FINANCIAL LIABILITIES

in €m	30.09.2020 Carrying amount	30.09.2020 Market value	31.12.2019 Carrying amount	31.12.2019 Market value
Bonds	1,206	1,008	1,094	1,026
Liabilities to banks	4,412	4,090	2,110	2,150
Other liabilities	4,912	5,155	3,954	3,883
Total	**10,530**	**10,253**	**7,158**	**7,059**
Leasing liabilities	2,590	n.a.	2,872	n.a.
Total	**13,120**	**n.a.**	**10,030**	**n.a.**

7 Earnings per share

Earnings per share

		30/09/2020	30/09/2019
Basic/diluted earnings per share	€	**– 10.79**	**2.18**
Consolidated net profit/loss	€m	– 5,584	1,038
Weighted average number of shares		517,462,034	475,210,714

8 Issued capital

By resolution of the extraordinary general meeting on 25 June 2020, the issued capital of Deutsche Lufthansa AG was increased by EUR 306,044,326.40 to EUR 1,530,221,624.32 by issuing 119,548,565 registered shares excluding shareholders' subscription rights. The shares were bought by the Economic Stabilisation Fund at the nominal amount of EUR 2.56 per share. The capital increase took effect on 2 July 2020 when it was entered in the commercial register.

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' sub-scription rights are excluded. Shares with a nominal amount of EUR 7,637,832 were issued under this authorisation up to 30 September 2020.

A resolution of the extraordinary general meeting on 25 June 2020 increased the contingent capital of Deutsche Lufthansa AG by up to EUR 102,014,776.32. The contingent capital increase serves to provide shares for the exercise of conversion rights granted to the Economic Stabilisation Fund created by the Stabilisation Fund Act as a silent shareholder in the company for Silent Participation II-A at a strike rate of EUR 2.56 per share by resolution of the extraordinary general meeting on 25 June 2020. The rights can be exercised if a decision is published to make a takeover offer pursuant to Section 10 Securities Acquisition and Takeover Act (WpÜG) or if control is acquired pursuant to Sections 35 and 29 WpÜG. The buyer can exercise the conversion rights at any time if the Silent Participation II-A is sold to a private purchaser.

A resolution of the extraordinary general meeting on 25 June 2020 increased the contingent capital of Deutsche Lufthansa AG by up to EUR 897,985,223.68. The contingent capital increase serves to provide shares for the exercise of conversion rights granted to the Economic Stabilisation Fund created by the Stabilisation Fund Act as a silent shareholder in the company for anti-dilution and/or coupon protection for Silent Participation II-B by resolution of the extraordinary general meeting on 25 June 2020. If the conversion right is exercised to protect against dilution, the new shares will be issued at the current market price on the conversion date, less 10%. If the conversion right is exercised to protect the coupon, they are issued at the current market price on the conversion date, less 5.25%. The conversion rights expire if Silent Participation II-B is assigned to a third party.

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 accordance 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.

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 in the income statement, but rather as reductions in 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 and the change in the recognition of compensation payments to customers increased previous-year revenue for the Network Airlines segment by EUR 1,426m and reduced its Adjusted EBIT by EUR 21m. Revenue in the Eurowings segment declined accordingly by EUR 1,458m and Adjusted EBIT increased by EUR 37m. For the MRO segment the changes reduced previous-year revenue by EUR 257m and Adjusted EBIT by EUR 20m.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Sep 2020

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments Segmente	Additional Businesses and Group Functions	Reconciliation	**Group**
External revenue	5,320	545	1,888	2,152	852	10,757	238	–	10,995
of which traffic revenue	4,798	537	1,775	–	–	7,110	–	294	7,404
Inter-segment revenue	347	8	19	821	208	1,403	123	-1,526	–
Total revenue	**5,667**	**553**	**1,907**	**2,973**	**1,060**	**12,160**	**361**	**-1,526**	**10,995**
Other operating income	618	101	46	286	81	1,132	1,340	-1,121	1,351
Operating income	**6,285**	**654**	**1,953**	**3,259**	**1,141**	**13,292**	**1,701**	**-2,647**	**12,346**
Operating expenses	**9,899**	**1,034**	**1,527**	**3,428**	**1,391**	**17,279**	**1,776**	**-2,710**	**16,345**
of which cost of materials	4,179	564	969	1,792	443	7,947	159	-1,378	6,728
of which staff cost	2,608	137	274	892	622	4,533	496	-3	5,026
of which depreciation and amortisation	1,398	151	117	147	91	1,904	87	-57	1,934
of which other operating expenses	1,714	182	167	597	235	2,895	1,034	-1,272	2,657
Result of equity investments	**-36**	**-86**	**20**	**-39**	**-19**	**-160**	**-2**	**–**	**-162**
of which result of investments accounted for using the equity method	-29	-86	11	-41	-19	-164	–	–	-164
Adjusted EBIT[1]	**-3,650**	**-466**	**446**	**-208**	**-269**	**-4,147**	**-77**	**63**	**-4,161**
Reconciliation items	**-1,369**	**-97**	**-19**	**-101**	**-110**	**-1,696**	**-14**	**14**	**-1,696**
Impairment losses/gains	-1,374	-95	-19	-95	-110	-1,693	-6	16	-1,683
Effects from pension provisions	–	–	–	-2	–	-2	-6	–	-8
Result of disposal of assets	5	-2	–	-4	–	-1	-2	-2	-5
EBIT	**-5,019**	**-563**	**427**	**-309**	**-379**	**-5,843**	**-91**	**77**	**-5,857**
Other financial result									-1,055
Profit/loss before income taxes									-6,912
Capital employed[2]	11,532	1,005	2,290	4,543	1,201	20,571	2,238	-514	22,295
of which from investments accounted for using the equity method	25	93	44	172	101	435	5	–	440
Segment capital expenditure	758	52	204	90	22	1,126	50	-142	1,034
of which from investments accounted for using the equity method	–	–	–	8	–	8	–	–	8
Number of employees at the end of period	58,578	3,153	4,379	23,260	25,655	115,025	9,509	–	124,534

[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 - Sep 2019[1)]

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments Segmente	Additional Businesses and Group Functions	Reconciliation	**Group**
External revenue	18,359	1,793	1,804	3,204	1,953	27,113	411	–	27,524
of which traffic revenue	17,563	1,785	1,715	–	–	21,063	–	342	21,405
Inter-segment revenue	728	-8	32	1,688	555	2,995	180	-3,175	–
Total revenue	**19,087**	**1,785**	**1,836**	**4,892**	**2,508**	**30,108**	**591**	**-3,175**	**27,524**
Other operating income	714	138	58	167	61	1,138	1,373	-805	1,706
Operating income	**19,801**	**1,923**	**1,894**	**5,059**	**2,569**	**31,246**	**1,964**	**-3,980**	**29,230**
Operating expenses	**18,269**	**2,030**	**1,958**	**4,756**	**2,499**	**29,512**	**2,144**	**-3,952**	**27,704**
of which cost of materials	10,463	1,428	1,324	2,903	1,080	17,198	214	-2,513	14,899
of which staff cost	3,571	195	305	1,066	965	6,102	633	-5	6,730
of which depreciation and amortisation	1,431	176	116	140	87	1,950	76	-26	2,000
of which other operating expenses	2,804	231	213	647	367	4,262	1,221	-1,408	4,075
Result of equity investments	**36**	**40**	**31**	**48**	**23**	**178**	**11**	**–**	**189**
of which result of investments accounted for using the equity method	25	40	14	26	22	127	–	–	127
Adjusted EBIT[2)]	**1,568**	**-67**	**-33**	**351**	**93**	**1,912**	**-169**	**-28**	**1,715**
Reconciliation items	-36	-3	-7	–	-41	-87	8	1	-78
Impairment losses/gains	-12	–	-11	1	-40	-62	5	1	-56
Effects from pension provisions	-4	–	–	–	-1	-5	-1	–	-6
Result of disposal of assets	-20	-3	4	-1	–	-20	4	–	-16
EBIT	**1,532**	**-70**	**-40**	**351**	**52**	**1,825**	**-161**	**-27**	**1,637**
Other financial result									-4
Profit/loss before income taxes									1,633
Capital employed[3]	11,829	1,479	1,925	5,573	1,523	22,329	2,067	-462	23,934
of which from investments accounted for using the equity method	52	188	45	266	147	698	5	–	703
Segment capital expenditure	2,221	103	176	233	68	2,801	46	4	2,851
of which from investments accounted for using the equity method	–	–	–	41	–	41	–	–	41
Number of employees at the end of period	60,543	3,568	4,572	23,530	36,078	128,291	10,059	–	138,350

[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 - Sep 2020

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**
Traffic revenue[1)]	4,858	2,241	959	869	171	1,141	132	143	**7,404**
Other operating revenue	1,488	537	1,147	923	132	567	160	97	**3,591**
Total revenue	**6,346**	**2,778**	**2,106**	**1,792**	**303**	**1,708**	**292**	**240**	**10,995**

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

EXTERNAL REVENUE BY REGION Jan - Sep 2019

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**
Traffic revenue[1]	14,029	6,500	3,631	3,252	471	2,379	484	411	**21,405**
Other operating revenue	2,497	783	1,929	1,605	343	1,018	208	124	**6,119**
Total revenue	**16,526**	**7,283**	**5,560**	**4,857**	**814**	**3,397**	**692**	**535**	**27,524**

[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, 3rd November 2020
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Chief Executive Officer

Christina Foerster
Member of the Executive Board
Customer, IT &
Corporate Responsibility

Harry Hohmeister
Member of the Executive Board
Commercial Passenger Airlines

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Member of the Executive Board
Airline Resources &
Operations Standards

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The Lufthansa 3rd Interim Report is a translation of the original German Lufthansa Zwischenbericht 3/ 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 2021

4 March	Release of Annual Report 2020
29 April	Release of 1st Interim Report January – March 2021
4 May	Annual General Meeting
5 August	Release of 2nd Interim Report January – June 2021
28 October	Release of 3rd Interim Report January – September 2021

Disclaimer in respect of forward-looking statements

Information published in the 3rd Interim Report 2020, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive facts. Its purpose is exclusively informational, and can be identified by the use of such cautionary terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate”, “anticipate”, “can”, “could”, “should” or “endeavour”. These forward-looking statements are based on discernible information, facts and expectations available at the time that the statements were made. They are therefore subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the Opportunities and risk report in the Annual Report. Should one or more of these risks occur, or should the underlying expectations or assumptions fail to materialise, this could have a significant effect (either positive or negative) on the actual results.

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

Note

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