



FINANCIAL STATEMENTS  
**2017**



# Contents

- 2 Deutsche Lufthansa AG Balance sheet
- 3 Deutsche Lufthansa AG Income statement
- 4 Deutsche Lufthansa AG Statement of changes in non-current assets
- 5 Deutsche Lufthansa AG Notes to the financial statements
- 21 Auditors' report
- 28 Deutsche Lufthansa AG
  - Supervisory Board and Executive Board
- 29 Deutsche Lufthansa AG
  - Other mandates of the Supervisory Board members
- 30 Deutsche Lufthansa AG
  - Mandates of the Executive Board members
- 31 Deutsche Lufthansa AG
  - Significant equity investments
- 38 Legal information

The management report for Deutsche Lufthansa AG and the Group management report have been combined and published in the Lufthansa Annual Report 2017. The financial statements and the combined management report and Group management report of Deutsche Lufthansa AG for the financial year 2017 are published in the German Federal Gazette and are also accessible from the internet site of the company registry.

# 2017 financial statements for Deutsche Lufthansa AG

# Deutsche Lufthansa AG

## Balance sheet as of 31 December 2017

<b>Assets</b>			
in €m	Notes	31.12.2017	31.12.2016
Intangible assets		326	339
Aircraft		6,043	4,933
Property, plant and other equipment		101	103
Financial investments	4)	15,319	14,702
<b>Non-current assets</b>	3)	<b>21,789</b>	<b>20,077</b>
Inventories	5)	67	77
Trade receivables	6)	416	448
Other receivables and other assets	6)	2,383	1,384
Securities	7)	685	805
Cash and cash equivalents	7)	763	641
<b>Current assets</b>		<b>4,314</b>	<b>3,355</b>
<b>Prepaid expenses</b>	8)	<b>53</b>	<b>51</b>
<b>Deferred tax assets</b>	9)	<b>1,430</b>	<b>1,077</b>
<b>Excess of plan assets over provisions for pensions</b>	10)	<b>885</b>	<b>489</b>
<b>Total assets</b>		<b>28,471</b>	<b>25,049</b>

<b>Shareholders' equity and liabilities</b>			
in €m	Notes	31.12.2017	31.12.2016
Issued capital	11)	1,206	1,200
Capital reserve	12)	263	223
Retained earnings	12)	5,094	3,865
Distributable earnings	30)	1,227	234
<b>Shareholders' equity</b>		<b>7,790</b>	<b>5,522</b>
Provisions for pensions and similar obligations		903	2,652
Tax provisions		740	275
Other provisions		5,215	4,416
<b>Provisions</b>	13)	<b>6,858</b>	<b>7,343</b>
Bonds		1,000	1,000
Liabilities to banks		2,024	1,673
Payables to affiliated companies		6,359	5,447
Other liabilities		4,435	4,059
<b>Liabilities</b>	14)	<b>13,818</b>	<b>12,179</b>
<b>Deferred income</b>		<b>5</b>	<b>5</b>
<b>Total shareholders' equity and liabilities</b>		<b>28,471</b>	<b>25,049</b>

# Deutsche Lufthansa AG

## Income statement for the financial year 2017

The provisions of the German Accounting Directive Implementation Act (BilRUG) on structuring the income statement no longer provide for the presentation of the result from ordinary activities. However, to provide a better overview and for greater transparency, this earnings indicator will still be shown as the sum of the result from operating activities and the financial result.

in €m	Notes	2017	2016
Traffic revenue	18)	15,012	14,063
Other revenue	19)	1,172	1,146
<b>Total revenue</b>		<b>16,184</b>	<b>15,209</b>
Other operating income	20)	1,521	1,649
Cost of materials and services	21)	– 10,289	– 9,780
Staff costs	22)	– 2,818	– 2,855
Depreciation, amortisation and impairment	23)	– 482	– 428
Other operating expenses	24)	– 2,995	– 2,946
<b>Result from operating activities</b>		<b>1,121</b>	<b>849</b>
Result from equity investments	25)	1,845	598
Net interest	26)	– 128	94
Impairment on investments and current securities	27)	– 38	– 26
<b>Financial result</b>		<b>1,679</b>	<b>666</b>
<b>Result from ordinary activities</b>		<b>2,800</b>	<b>1,515</b>
Current income taxes	28)	– 650	– 233
Deferred income taxes	28)	353	– 62
<b>Profit after income taxes</b>		<b>2,503</b>	<b>1,220</b>
Other taxes	28)	– 48	– 51
<b>Net profit for the year</b>		<b>2,455</b>	<b>1,169</b>
Transfers to retained earnings	12)	– 1,228	– 935
<b>Distributable earnings</b>	30)	<b>1,227</b>	<b>234</b>

# Deutsche Lufthansa AG

## Statement of changes in non-current assets for 2017

Amounts in €m	Acquisitions/production costs				Accumulated depreciation and amortisation				Carrying amounts			
	as of 1.1.2017	Additions	Disposals	Reclassifications	as of 31.12.2017	as of 1.1.2017	Depreciation of fiscal year 2017	Disposals	Write-ups	Reclassifications	as of 31.12.2017	as of 31.12.2016
<b>I. Intangible assets</b>	<b>594</b>	<b>23</b>	<b>15</b>	<b>-</b>	<b>602</b>	<b>255</b>	<b>36</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>276</b>	<b>339</b>
1. Purchased concessions, intellectual property and similar rights and assets and licences in such rights and assets	560	6	15	3	554	240	36	15	-	-	261	320
2. Advance payments	34	17	0	-3	48	15	-	-	-	-	15	19
<b>II. Aircraft</b>	<b>6,802</b>	<b>1,586</b>	<b>713</b>	<b>97</b>	<b>7,772</b>	<b>2,695</b>	<b>421</b>	<b>496</b>	<b>-</b>	<b>-</b>	<b>2,620</b>	<b>4,107</b>
1. Aircraft and equipment	826	180	18	-97	891	-	-	-	-	-	-	826
2. Advance payments and plant under construction	7,628	1,766	731	-	8,663	2,695	421	496	-	-	2,620	4,933
<b>III. Property, plant and equipment</b>	<b>182</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>186</b>	<b>121</b>	<b>11</b>	<b>3</b>	<b>-</b>	<b>0</b>	<b>129</b>	<b>61</b>
1. Land, leasehold rights and buildings including buildings on third-party land	156	17	12	0	161	122	14	11	-	0	125	34
2. Other equipment, operating and office equipment	8	3	0	-3	8	-	-	-	-	-	-	8
3. Advance payments and plant under construction	346	25	16	-	355	243	25	14	-	-	254	103
<b>IV. Investments</b>	<b>11,460</b>	<b>640</b>	<b>519</b>	<b>65</b>	<b>11,646</b>	<b>1,127</b>	<b>25</b>	<b>208</b>	<b>11</b>	<b>13</b>	<b>946</b>	<b>10,333</b>
1. Shares in affiliated companies	4,100	469	155	45	4,459	50	12	3	-	3	62	4,050
2. Loans to affiliated companies	229	5	-	-65	169	13	-	-	-	-13	-	216
3. Equity investments	45	-	-	-45	-	3	-	-	-	-3	-	42
4. Loans to companies held as other equity investments	8	15	18	-	5	-	-	-	-	-	-	8
5. Non-current securities	47	2	7	-	42	-	-	-	-	-	-	47
6. Other loans	6	-	0	-	6	-	-	-	-	-	-	6
7. Prefinancing of leasehold	15,895	1,131	689	-	16,327	1,193	37	211	11	-	1,008	14,702
<b>Total non-current assets</b>	<b>24,463</b>	<b>2,945</b>	<b>1,461</b>	<b>-</b>	<b>25,947</b>	<b>4,386</b>	<b>519</b>	<b>736</b>	<b>11</b>	<b>-</b>	<b>4,158</b>	<b>20,077</b>

# Notes to the financial statements of Deutsche Lufthansa AG for 2017

## 1) Application of the German Commercial Code (HGB)

The financial statements of Deutsche Lufthansa AG, Cologne, registered at Cologne District Court under the number HRB 2168, have been prepared in accordance with the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG) and the Articles of Association, and have been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Dusseldorf. In accordance with Section 315a Paragraph 1 HGB, Deutsche Lufthansa AG, the parent company of the Deutsche Lufthansa AG Group, prepares consolidated financial statements on the basis of the International Financial Reporting Standards (IFRS).

Consolidated financial statements are therefore not drawn up on the basis of the German Commercial Code. The financial year is the calendar year.

The financial statements are published in the electronic Federal Gazette. They are permanently available online at <http://investor-relations.lufthansagroup.com/en/finanzberichte.html>.

The income statement has been prepared using the total cost method.

To make the presentation clearer, certain items of the balance sheet and the income statement have been grouped together and are shown and explained separately in the notes. Over and above the statutory classification, the balance sheet item "Aircraft" is listed separately in order to improve the clarity of the financial statement as well as the commonly used result from ordinary activities.

## 2) Accounting policies

**Currency translation** In-house conversion rates for foreign currencies are set monthly in advance according to the exchange rates on international markets. These serve as the basis for converting foreign currency items into euros in the month in which entries are made.

Receivables / liabilities in foreign currencies, cash and provisions are translated at the mean spot rate on the reporting date in accordance with Section 256a HGB. For other non-current receivables / liabilities in foreign currency, the lower / higher-of-cost-or-market principle is observed by comparing the purchase cost with the value on the balance sheet date

The cost of capital goods purchased in foreign currencies – mainly aircraft invoiced in US dollars – is determined by translation at the exchange rates in effect at the time of payment. Assets for which payments are hedged against

Fair value and cash flow hedges of interest rate, exchange rate and fuel price risks are described in Note 17.

**Intangible assets** Intangible assets are measured at cost and generally amortised over five years or their contractual useful lives, whichever is longer. Internally developed intangible assets are not capitalised. Purchased take-off and landing rights are not amortised.

**Property, plant and equipment** Depreciation of tangible assets is based on the purchase and manufacturing costs as well as the asset's useful life. Interest on liabilities is not recognised as part of the purchase or manufacturing costs.

Movable assets with a finite useful life and acquisition costs of up to EUR 150 are depreciated in full in the year of purchase. Minor assets costing between EUR 151 and EUR 1,000 are pooled in an annual account and depreciated over five years.

**Aircraft** Since 1 January 2013, new commercial aircraft have been depreciated over a period of 20 years to a residual value of five per cent.

Aircraft purchased in used condition are depreciated individually depending on their age at the time of acquisition. Aircraft less than 16 years old at the time of acquisition are depreciated up to an age of 20 years to a residual carrying amount of five per cent. Aircraft more than 16 years old at the time of acquisition are depreciated in full over four years without any residual value.

Aircraft are either the legal property of the Company or are leased from aircraft holding entities in which the Company holds a direct or indirect equity interest. Leased aircraft are recognised as non-current assets when the Company is deemed to have economic ownership of them. Economic ownership is determined on the basis of general commercial law and the tax provisions concerning leased assets, if applicable.

**Other property, plant and equipment** Buildings are assigned a useful life of between 20 and 50 years. Buildings and installations on land belonging to third parties are written down according to the term of the lease or are assigned a shorter useful life. Operating and office equipment is depreciated over three to fourteen years in normal circumstances of usage.

**Financial investments** Financial investments are shown at cost, adjusted by any necessary impairment charges or write-ups.

**Current assets** Raw materials, consumables and supplies are valued at cost, with stock risks being accounted for by appropriate mark-downs.

Securities are shown at their purchase price less any necessary impairment charges. Emissions certificates issued free of charge are held at a residual amount; those purchased are held at acquisition costs.

In addition to individual write-downs necessary for known risks applying to other current assets, adequate provision is made for general credit risk by a write-down of each item by a standard amount.

**Pension obligations** To meet retirement benefit obligations, phased early retirement obligations and this year, for the first time, also claims on employee's lifetime working hours accounts, appropriate funds have been invested in insolvency-proof funds and insurance policies, which are not accessible to the Company's other creditors.

Pension assets are measured at fair value using external price information and netted out with the underlying obligations. If there is an excess of obligations over assets, it is recognised in provisions. If the fair value of the relevant pension assets exceeds that of the corresponding obligations, the difference is shown separately as "excess of plan assets over provisions for pensions". If the fair value of the relevant pension assets is higher than their historic acquisition costs, the resulting income may not be distributed as a dividend (Section 268 Paragraph 8 Sentence 3 HGB).

**Provisions** Pension obligations are calculated using actuarial principles based on the projected unit credit method using the "Actuarial Tables 2005 G" compiled by Prof. Dr Klaus Heubeck. As well as appropriate projected rates of fluctuation and career progress, a salary trend of 2.5 per cent and an unchanged pension trend of 1 per cent (1.5 per cent in individual cases) are used, as in the previous year.

Discounting took place at the average market interest rate for the past ten years with an assumed term to maturity of 15 years as published by the German Bundesbank. For measurement as of 31 December 2017, the corresponding interest rate is forecast as of 31 December 2017 on the basis of interest rate information published as of 30 November 2017. The rate is 3.68 per cent (previous year: 4.01 per cent). The effect of this interest rate change is recognised in interest expense. The difference between the amount of provisions calculated using the ten-year and the seven-year average interest rate as of 31 December 2017 may not be distributed as a dividend. As of 31 December 2017, the seven-year average interest rate used to calculate this difference was 2.80 per cent (previous year: 3.24 per cent).

Benefit obligations from retirement benefit commitments that are funded by reinsurance or capital market investments are recognised at the fair value of the underlying securities, insofar as this amount exceeds the minimum commitment.

The provision for partial retirement agreements is recognised at the amount needed to settle the obligation. This amount is composed of the salary outstanding as of 31 December 2017, which is paid during the early retirement phase, as well as additional employer contributions to statutory pension insurance and superannuation premiums. The provision is calculated making reasonable use of biometric probabilities and a salary trend of 2.5 per cent, as before. It is discounted on the basis of average terms to maturity at a seven-year average interest rate forecast as of 31 December 2017. The rate is 1.44 per cent (previous year: 1.81 per cent).

The other provisions are made for the amount considered necessary to settle the obligations using sound commercial judgement. Provisions with a term to maturity of more than one year are discounted at the average market interest rate for the past seven years corresponding to their remaining term.

**Liabilities** Liabilities are shown at the amount needed to settle them.

**Deferred taxes** Deferred taxes are recognised for temporary differences between the carrying amounts of assets, liabilities and deferred expenses in the financial statements for commercial law and tax purposes. Deutsche Lufthansa AG not only recognises differences on items in its own balance sheet, but also for companies in the same income tax group.

**Valuation options** To improve the presentation of the net assets, financial and earnings position, the option offered by Section 274 Paragraph 1 Sentence 2 HGB of capitalising the net asset of EUR 1.4bn resulting from offsetting deferred tax assets and liabilities has been used since 2015.

To improve the presentation of the earnings position, instruments to hedge the price of future fuel requirements are combined with the hedged items within valuation units in accordance with Section 254 HGB. Possible onerous contracts in the form of a valuation unit are calculated in line with sales markets, so that, according to the principal of loss-fee valuation, no impending losses are recognised, insofar as no loss is incurred from future sales business.

## Notes to balance sheet assets

### 3) Non-current assets

Changes in individual non-current asset items during the financial year 2017 are shown in a separate table.

In addition to the Company's own aircraft listed in the statement of changes in non-current assets and in the balance sheet, further aircraft were chartered, in some cases complete with crews. Furthermore, Deutsche Lufthansa AG leased and made use of the following aircraft:



Number of leased aircraft		
Aircraft type	31.12.2017	31.12.2016
A319-100	25	25
A320-200	27	25
A321-100	20	20
A321-200	23	24
A330-200	7	6
A330-300	14	14
A340-300	18	18
A340-600	19	19
A380-800	3	3
B737-300	0	1
B747-400	13	11
B747-8	17	17
CRJ 900	6	0
EMB 190	9	9
EMB 195	17	14
	<b>218</b>	<b>206</b>

In the reporting year, the number of aircraft contributed to the various sale-and-lease-back models was higher than the number of aircraft sold.

#### 4) Financial investments

The main indirect and direct equity investments of Deutsche Lufthansa AG can be found in the annexe to the notes, 'List of shareholdings'.

#### 5) Inventories

Inventories		
in €m	31.12.2017	31.12.2016
Raw materials, consumables and supplies	20	24
Emissions certificates	33	39
Finished goods and merchandise	14	14
	<b>67</b>	<b>77</b>

#### 6) Receivables and other assets

Receivables and other assets			
in €m	31.12.2017	of which due after more than one year	31.12.2016
Trade receivables	416	0	448
Receivables from affiliated companies	1,575	0	693
Receivables from companies held as other investments	2	0	5
Other assets	806	242	686
	<b>2,799</b>	<b>242</b>	<b>1,832</b>

#### 7) Securities and cash items

The "Securities" item includes money market funds valued at EUR 600m as well as securities held directly amounting to EUR 85m. Cash in hand and bank balances consist almost entirely of deposits held with banks.

Reported as other assets are fixed-term bank balances assigned as collateral amounting to EUR 22m and foreign currency bank balances of EUR 11m that are not likely to be transferred in the near future and which are discounted appropriately.

#### 8) Prepaid expenses

This item is composed of prepaid insurance premiums for subsequent years of EUR 16m and an up-front commission of EUR 5m (previous year: EUR 7m).

#### 9) Deferred tax assets

This item consists of the net asset balance of EUR 1,430m remaining after deferred tax assets and liabilities on temporary differences between carrying amounts for commercial law and tax purposes have been offset. They are made up as follows:

in €m	31.12.2017	31.12.2016
Non-current assets	- 37	- 38
Inventories, receivables and other assets	69	65
Provisions	1,357	1,026
Liabilities	41	24
	<b>1,430</b>	<b>1,077</b>

Deferred tax assets result primarily from different valuations of pension provisions and similar obligations, of provisions for onerous contracts and of other provisions. Deferred tax liabilities stem particularly from different valuations of aircraft and miscellaneous items of property, plant and equipment. Deferred taxes are calculated using the combined income tax rate for Deutsche Lufthansa AG's tax group, which is currently 25 per cent. The combined income tax rate

comprises corporation tax, trade tax and the solidarity surcharge.

## 10) Excess of plan assets over provisions for pensions

This item consists of the net surplus of EUR 885m from offsetting fund assets against pension obligations.

### Notes to balance sheet liabilities and shareholders' equity

## 11) Issued capital

**Issued capital** Deutsche Lufthansa AG's issued capital totals EUR 1,206m. Issued capital is divided into 471,259,644 registered shares, with each share representing EUR 2.56 of issued capital.

**Authorised capital** A resolution passed at the Annual General Meeting held on 29 April 2015 authorised the Executive Board until 28 April 2020, subject to approval by the Supervisory Board, to increase the Company's issued capital on one or more occasions by up to EUR 561,160,092 by issuing new registered shares against a contribution 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. In order to issue new shares to settle dividend entitlements, the Executive Board of Deutsche Lufthansa AG decided, with the approval of the Supervisory Board, to make partial use of the authorisation voted for at the Annual General Meeting on 29 April 2015 (Authorised Capital A) and increase the Company's issued capital by EUR 3,728,550.40 by issuing 1,456,465 new registered shares with transfer restrictions and profit entitlement from 1 January 2017. The capital increase was entered in the Commercial Register of Cologne District Court (HRB 2168) on 1 June 2017. As of 31 December 2017, Authorised Capital A amounted to EUR 553,310,730.08.

A resolution passed at the Annual General Meeting on 29 April 2014 authorised the Executive Board until 28 April 2019, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 29m by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. In order to issue new shares to employees of Deutsche Lufthansa AG and its affiliated companies, the Executive Board of Deutsche Lufthansa AG decided, with the approval of the Supervisory Board, to make partial use of the authorisation voted at the Annual General Meeting on 29 April 2014 (Authorised Capital B) and increase the Company's issued capital by EUR 2,521,920.00, excluding shareholders' subscription rights, by issuing 985,125 new registered shares with transfer restrictions and profit entitlement from 1 January 2017 for payment in cash. The capital increase was entered

in the Commercial Register of Cologne District Court (HRB 2168) on 23 October 2017. As of 31 December 2017, Authorised Capital B amounted to EUR 10,776,673.28.

**Contingent capital** A resolution passed at the Annual General Meeting on 28 April 2016 authorised the Executive Board until 27 April 2021, subject to approval by the Supervisory Board, to issue bearer or registered convertible bonds, bond / warrant packages, profit sharing rights or participating bonds (or combinations of these instruments) on one or more occasions, for a total nominal value of up to EUR 1.5bn, with or without restrictions on maturity. To do so, contingent capital (Contingent Capital II) was created for a contingent capital increase of up to EUR 237,843,840 by issuing up to 92,907,750 new registered shares. The contingent capital increase will only take place insofar as the holders of convertible bonds or warrants from bond / warrant packages decide to exercise their conversion and / or option rights.

**Authorisation to buy back shares** A resolution passed at the Annual General Meeting held on 29 April 2015 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 Stock Corporation Act (AktG) to purchase treasury shares until 28 April 2020. The authorisation is limited to 10 per cent of current issued capital, which can be purchased on the stock exchange or by a public purchase offer to all shareholders. The authorisation states that the Executive Board can use the shares, in particular, for the purposes defined in the resolution passed at the Annual General Meeting. According to the resolution of the Annual General Meeting held on 28 April 2016, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

In 2017, Deutsche Lufthansa AG bought back 28,539 of its own shares at an average price of EUR 26.08. This is equivalent to 0.01 per cent of issued capital.

The shares purchased or created by means of the capital increase were used as follows:

- 625,673 shares were transferred to the employees of Deutsche Lufthansa AG and 38 other affiliated companies and equity investments as part of the profit-sharing scheme for 2016, at a share price of EUR 23.66.
- 381,079 shares were transferred as part of performance-related variable remuneration in 2017 to managers and non-payscale employees of Deutsche Lufthansa AG and to 40 further affiliated companies and equity investments at a price of EUR 27.47.
- 4,368 shares were transferred to Executive Board members at a price of EUR 27.47 as part of the share programme for 2017.
- 2,273 shares were transferred for previous years' programmes (performance-related variable remuneration for 2016 to managers, non-payscale employees and other employees of Deutsche Lufthansa AG and to

further affiliated companies and equity investments from profit-sharing for 2015) at a price of EUR 11.13.

- 1,456,465 shares were transferred to shareholders to settle dividend entitlements for 2016.

271 shares were resold at a price of EUR 13.93.

On the balance sheet date, treasury shares were no longer held.

### Shareholder structure

Notifications received in accordance with Section 33 Paragraph 1 Securities Trading Act (WpHG) (previously Section 21 Paragraph 1 WpHG) on changes in voting rights in the share capital held by third parties are disclosed in abbreviated form below. If a notifying party reaches, exceeds or falls below the thresholds defined in Section 33 Paragraph 1 WpHG (previously Section 21 Paragraph 1 WpHG) more than once, only the last notification that the threshold has been reached or exceeded or is no longer reached is disclosed below.

- On 30 May 2016, Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3 per cent on 19 May 2016 and on this date came to 2.90 per cent (13,471,331 voting shares). 2.90 per cent (13,471,331 voting shares) were attributable to Deutsche Asset & Wealth Management Investment GmbH in accordance with Section 22 WpHG (now Section 34 WpHG).
- On 14 November 2016, Franklin Templeton Investment Funds, Luxembourg, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3 per cent on 8 November 2016 and on this date came to 2.96 per cent (13,861,910 voting shares). 2.96 per cent (13,861,910 voting shares) are attributable to Franklin Templeton Investment Funds directly in accordance with Section 21 WpHG (now Section 33 WpHG).
- On 14 November 2016, Franklin Templeton International Services S.à r.l., Luxembourg, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3 per cent on 8 November 2016 and on this date came to 2.96 per cent (13,861,910 voting shares). 2.96 per cent (13,861,910 voting shares) are attributable to Franklin Templeton International Services S.à r.l. in accordance with Section 22 WpHG (now Section 34 WpHG).
- On 22 March 2017, Templeton Investment Counsel, LLC, Fort Lauderdale, Florida, USA, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3 per cent on 17 March 2017 and on this date came to 2.98 per cent (13,959,454 voting shares). 2.98 per cent (13,959,454 voting shares) were attributable to Templeton Investment Counsel, LLC in accordance with Section 22 WpHG (now Section 34 WpHG).
- Templeton Growth Fund, Inc., Maryland, USA, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3 per cent on 6 April 2017 and on this date came to 2.90 per cent (13,611,171 voting shares).
- Templeton Global Advisors Limited, Nassau, Bahamas, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 5 per cent on 23 May 2017 and on this date came to 4.72 per cent (22,134,703 voting shares). 4.72 per cent (22,134,703 voting shares) were attributable to Templeton Global Advisors Limited in accordance with Section 22 WpHG (now Section 34 WpHG).
- Templeton Global Advisors Limited, Nassau, Bahamas, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3 per cent on 13 June 2017 and on this date came to 2.87 per cent (13,508,944 voting shares). 2.87 per cent (13,508,944 voting shares) were attributable to Templeton Growth Fund, Inc., in accordance with Section 22 WpHG (now Section 34 WpHG).
- BlackRock, Inc., Wilmington, Delaware, USA, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 3 per cent on 7 February 2018 and on this date came to 4.50 per cent (21,220,527 voting shares). 4.50 per cent (21,220,527 voting shares) are attributable to BlackRock, Inc., indirectly in accordance with Section 34 WpHG.
- Norges Bank, Oslo, Norway, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 3 per cent on 7 February 2018 and on this date came to 3.03 per cent (14,281,003 voting shares). 3.03 per cent (14,281,003 voting shares) were indirectly attributable to Norges Bank in accordance with Section 34 WpHG.
- Norges Bank, Oslo, Norway, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3 per cent on 8 February 2018 and on this date came to 2.87 per cent (13,547,064 voting shares). 2.87 per cent (13,547,064 voting shares) were indirectly attributable to Norges Bank in accordance with Section 22 WpHG (now Section 34 WpHG).
- Lansdowne Partners International Ltd., George Town, Grand Cayman, Cayman Islands, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 3 per cent on 13 November 2017 and on this date came to 3.62 per cent (17,045,008 voting shares). 3.62 per cent (17,045,008 voting shares) were attributable to Lansdowne Partners International Ltd. indirectly in accordance with Section 22 WpHG (now Section 34 WpHG).

## 12) Reserves

The capital reserve contains the premiums resulting from capital increases and the proceeds from the issue of debt securities for conversion options to acquire Company shares. In 2017, share premiums of EUR 21m from a capital increase for employee shares and of EUR 20m from a capital increase in kind for the pro rata dividend claim were added.

The legal reserve contained in retained earnings is unchanged at EUR 26m; other reserves consist of other retained earnings. An amount of EUR 5.5bn may not be distributed as dividends. This is made up of EUR 2.2bn from the fair value measurement of assets, EUR 1.4bn from the recognition of deferred tax assets for temporary differences between the carrying amounts for commercial and tax purposes as well as the difference of EUR 1.9bn between the application of ten-year or seven-year average interest rates to discount the pension obligations. There are sufficient free retained earnings to cover the amount which may not be distributed. EUR 1.2bn was transferred to retained earnings.

## 13) Provisions

in €m	Provisions	
	31.12.2017	31.12.2016
Provisions for pensions and similar obligations	903	2,652
Tax provisions	740	275
Obligations in respect of unused flight documents	2,072	1,787
Other provisions	3,143	2,629
	<b>6,858</b>	<b>7,343</b>

A Company pension scheme exists for staff working in Germany and staff seconded abroad. Benefit obligations are mainly funded by means of contributions to an external trust fund to which access is restricted.

There are also obligations from the conversion of salary components that are funded by assets held in insurance policies.

The actuarial obligations are netted with the corresponding assets measured at fair value as of 31 December 2017 to obtain the carrying amount for the balance sheet. The acquisition costs of the fund assets were EUR 6.9bn as of 31 December 2017. Their fair value as of the same date was EUR 9.2bn. The actuarial amount required to settle the obligation is recognised at EUR 9.2bn as of 31 December 2017.

The wage agreement "Lufthansa Pension Ground" introduced a new system of retirement benefits in the form of a defined-contribution pension commitment for ground staff employed in Germany. For employees recruited before 1 January 2016, the entitlements vested up until 31 December 2015 are maintained. For service periods starting from 1 January 2016, employees can reach the same level of

benefits by making contributions from their own pocket. For employees recruited from 1 January 2016, the contributions to the new model will be invested on the capital market. When the employee reaches retirement age, the entire account balance is converted into an annuity on the basis of the applicable BilMoG interest rate, subject to a pension adjustment of 1 per cent per annum and while guaranteeing the contributions that were originally made.

On 17 March 2017, the wage agreement "Lufthansa Pension Cabin" for the cabin crew was signed with the trade union UFO. It includes the provision that employees who started work at Lufthansa before 30 June 2016 maintain their pension entitlements vested up to this point. For service periods from 1 July 2016, the employees receive employer contributions to the company pension scheme depending on their eligible gross salary. In addition, the previous entitlements to transitional benefits were replaced by an initial contribution to the new capital-market-based benefits system, calculated as of the date on which the change was made. The effects of changing the pension arrangements were recognised in the financial statements for 2016 on the basis of the outline paper. All employees are free to make their own contributions on a voluntary basis. Contributions from both employer and employee, as well as the initial transitional benefit contribution, are invested on the capital markets with a capital guarantee. When the employee reaches retirement age, the available account balance is converted into an annuity on the basis of the applicable BilMoG interest rate, subject to a pension adjustment of 1 per cent per annum and while guaranteeing the contributions that were originally made.

For the first time, an additional EUR 75m were contributed to working hours accounts for cabin crew in the reporting year.

On 21 December 2017, the "Lufthansa Pension Cockpit" wage agreement for cockpit staff was signed with the Vereinigung Cockpit pilots' union. At the same time, a new "Transitional Benefit Cockpit" wage agreement was signed. For employees recruited before 1 January 2017, the pension entitlements vested up until 31 December 2016 are maintained. For service periods from 1 January 2017, the employees receive employer contributions to the company pension scheme depending on their eligible gross salary. All employees are free to make their own contributions on a voluntary basis. The capital is invested on capital markets with a capital guarantee, plus for cockpit crew the guaranteed interest rate offered by life insurance companies (currently 0.9 per cent per annum) as an additional commitment. When the employee reaches retirement age, the available account balance is converted into an annuity on the basis of the applicable BilMoG interest rate, subject to a pension adjustment of 1 per cent per annum and while guaranteeing the contributions that were originally made.

The old rules fundamentally continue to apply to transitional benefits. The collective retirement age for pilots will go up in stages from 58 to 60 by 2021.

Changing the benefits system for cockpit crew generated a saving of EUR 912m in 2017.

In the new company retirement benefit scheme for ground, cabin and cockpit staff, the obligations from the capital market components are recognised at the fair value of the corresponding plan assets and are offset against these, insofar as they exceed the minimum guaranteed amount. The employer contributions constitute service expense.

Accrued interest expenses on provisions and expenses from measuring the obligation with a lower discount rate than in the previous year of EUR 729m in total were offset against income of EUR 733m from the market valuation of plan assets.

The change from a seven-year average interest rate to a ten-year average for calculating the settlement amounts resulted in a difference of EUR 1.2bn as of 31 December 2017, which is not available for distribution.

Obligations under partial retirement agreements are recognised in other provisions. Obligations of EUR 110m are netted with assets with a fair value of EUR 48m. In the reporting year, the previously undistributed profits from funds held as plan assets were distributed and reinvested in new units, so that the amortised acquisition costs of the plan assets as of 31 December 2017 are EUR 51m.

Other provisions mainly include amounts accrued for purchased services, for onerous contracts, for maintenance, for restructuring, for profit-sharing and for commissions.

**14) Liabilities**

<b>Liabilities</b>					
in €m	Due within one year	Due within more than one year	Due in more than five years	<b>Total</b> 31.12.2017	<b>Total</b> 31.12.2016
Bonds	-	1,000	-	1,000	1,000
Liabilities to banks	168	1,633	223	2,024	1,673
Advance payments for orders	0	-	-	0	0
Trade payables	525	-	-	525	428
Payables to affiliated companies	6,359	0	-	6,359	5,447
Payables to companies held as other equity investments	10	-	-	10	6
Other liabilities	745	1,507	1,648	3,900	3,625
- of which for taxes	(73)	-	-	(73)	(57)
- of which relating to social security obligations	(2)	-	-	(2)	(5)
	<b>7,807</b>	<b>4,140</b>	<b>1,871</b>	<b>13,818</b>	<b>12,179</b>

EUR 85m of the liabilities to banks are secured by aircraft.  
Of the other liabilities, obligations arising from finance leases totalling EUR 3.0bn are secured by the aircraft concerned.

## 15) Contingent liabilities

Contingent liabilities		
in €m	31.12.2017	31.12.2016
Relating to guarantees, bills of exchange and cheque guarantees	990	1,066
- of which from affiliated companies	(114)	(161)
Relating to warranties	375	702
- of which from affiliated companies	(109)	(114)
- of which from joint ventures	(261)	(415)
- of which from associated companies	0	(1)
Relating to the provision of collateral for third-party liabilities	25	25

The amounts listed under liabilities from guarantees include EUR 876m in co-debtors' guarantees given in favour of North American fuelling and handling firms. There was no requirement to recognise these guarantee obligations as a liability, because the fuelling and handling firms are expected to be able to meet the underlying liabilities and a claim is therefore unlikely. Furthermore, this amount is matched by compensatory claims against the other co-debtors amounting to EUR 852m. These amounts are in some cases preliminary as current financial statements from some counterparties are not available yet.

EUR 261m of the liabilities relating to warranties refer to co-debtors' guarantees in favour of the Terminal One Group Association, L.P. joint venture at New York's JFK Airport. No provision was recognised, as a claim is not considered likely. The assumption is that the company will be able to meet its obligations itself. The obligations under the warranties are matched by compensatory claims against the other co-debtors amounting to EUR 196m.

## 16) Other financial obligations

**Order commitments for capital expenditure** Order commitments for capital expenditure on tangible assets came to EUR 11.5bn as of 31 December 2017. The resulting payment obligations will fall due as follows: EUR 8.3bn in the years 2018 to 2022, and EUR 3.2bn in the years 2023 to 2025.

Obligations to acquire company shares and to contribute capital to investee companies totalling EUR 206k existed as of the balance sheet date. There are also loan commitments of EUR 1,018m, of which EUR 1,016m are to affiliated companies and EUR 2m to associated companies.

**Obligations under rental agreements** The Company administers its business almost exclusively in rented premises. Rental agreements generally run for up to ten years. Facilities at Frankfurt and Munich airports are rented for longer periods, in some cases for up to 30 years, and are partly prefunded by Lufthansa. Annual rental payments amount to around EUR 160m.

Costs under long-term operating leases with terms up to 2023 came to EUR 815m in the financial year 2017. Expenses for operating leases were mainly payable to

affiliated companies; only EUR 24.0m related to an external lessor (previous year: EUR 13m).

**Obligations under long-term maintenance contracts** Long-term maintenance contracts with external providers signed as of the reporting date with durations up to 2030 gave rise to expenses of EUR 174m in the financial year. Of the corresponding payment obligations, EUR 860m falls due in the years 2018 to 2022, and EUR 1.3bn in the years 2023 to 2030.

## 17) Hedging policy and financial derivatives

As an international airline, Deutsche Lufthansa AG is exposed to the risk of changes in exchange rates, interest rates and fuel priced in US dollars.

**Exchange rate hedges** As of 31 December 2017, the following exposures existed from transactions to hedge exchange rate movements:

Currencies				
Volume in m	Type of derivative	Average exchange rate in €	Maturities up to	
AED	17	Forward sale	0.2296	2018
AUD	209	Forward sale	0.6532	2019
CAD	329	Forward sale	0.6639	2020
CHF	1,149	Forward sale	1.0962	2022
CNY	3,763	Forward sale	0.1239	2019
CZK	2,143	Forward sale	0.0380	2019
DKK	10	Forward sale	0.1343	2018
GBP	281	Forward sale	1.1354	2019
HKD	1,436	Forward sale	0.1107	2019
HUF	16,316	Forward sale	0.0032	2019
INR	12,329	Forward sale	0.0128	2018
JPY	45,266	Forward sale	0.0080	2019
KRW	107,441	Forward sale	0.0008	2018
MXN	58	Forward sale	0.0438	2018
NOK	1,216	Forward sale	0.1053	2019
NZD	82	Forward sale	0.6033	2019
PHP	314	Forward purchase	0.0173	2018
PLN	655	Forward sale	0.2269	2019
SEK	2,823	Forward sale	0.1039	2019
SGD	128	Forward sale	0.6262	2019
THB	952	Forward sale	0.0255	2018
USD	12,289	Forward purchase	0.7836	2025
ZAR	1,199	Forward sale	0.0586	2019

In addition, the following exchange rate hedges have been concluded with Group companies:

Currencies				
Volume in m	Type of derivative	Average exchange rate in €	Maturities up to	
AED	17	Forward purchase	0.2295	2018
AUD	101	Forward purchase	0.6526	2019
CAD	111	Forward purchase	0.6620	2020
CHF	606	Forward purchase	0.9595	2022
CNY	1,500	Forward purchase	0.1241	2019
CZK	1,158	Forward purchase	0.0380	2019
DKK	133	Forward purchase	0.1333	2019
GBP	82	Forward purchase	1.1334	2019
HKD	966	Forward purchase	0.1114	2019
HUF	1,616	Forward purchase	0.0032	2019
INR	5,411	Forward purchase	0.0129	2018
JPY	14,188	Forward purchase	0.0080	2019
KRW	19,144	Forward purchase	0.0008	2018
MXN	58	Forward purchase	0.0438	2018
NOK	343	Forward purchase	0.1051	2019
NZD	20	Forward purchase	0.6071	2019
PHP	190	Forward sale	0.0181	2018
PLN	7	Forward purchase	0.2537	2019
SEK	830	Forward purchase	0.1038	2019
SGD	49	Forward purchase	0.6284	2019
THB	843	Forward purchase	0.0256	2018
USD	2,554	Forward sale	0.8499	2022
ZAR	681	Forward purchase	0.0580	2019

The hedging policy to limit exchange rate risks is implemented within the framework of the Lufthansa Group's systematic financial management. There is no autonomous hedging policy at the level of the legal entity Deutsche Lufthansa AG. Valuation units within the meaning of Section 254 HGB are therefore only formed to the extent that exchange rate hedges are matched by opposing derivatives transactions in the same currency and with the same maturity. As of 31 December 2017, provisions for onerous contracts of EUR 36m have been recognised for impending losses under further exchange rate hedges. As of the reporting date, the forward transactions have a market value of EUR 389m.

Forward currency transactions and swaps are valued individually at their respective forward curve and discounted to the reporting date based on the corresponding interest rate curve. The market prices of currency options are calculated using recognised option pricing models.

Exchange rate hedges				
Currency	Type of derivative	Year of maturity	Volume in m	
			pending transactions	Hedged risk
AED	Forward sale	2018	17	17
AUD	Forward sale	2018 2019	74 27	74 27
CAD	Forward sale	2018 2019 2020	70 34 8	70 34 8
CHF	Forward sale	2018 2019	658 155	658 155
CNY	Forward sale	2018 2019	1,134 366	1,134 366
CZK	Forward sale	2018 2019	1,029 311	1,029 311
DKK	Forward purchase	2018	35	35
GBP	Forward sale	2018 2019	85 12	85 12
HKD	Forward sale	2018 2019	745 271	745 271
HUF	Forward sale	2018 2019	12,389 3,484	12,389 3,484
INR	Forward sale	2018	5,411	5,411
JPY	Forward sale	2018 2019	11,599 3,480	11,599 3,480
KRW	Forward sale	2018	19,144	19,144
MXN	Forward sale	2018	58	58
NOK	Forward sale	2018 2019	249 95	249 95
NZD	Forward sale	2018 2019	18 6	18 6
PHP	Forward purchase	2018	1,465	1,465
PLN	Forward sale	2018 2019	148 42	148 42
SEK	Forward sale	2018 2019	676 226	676 226
SGD	Forward sale	2018 2019	40 13	40 13
THB	Forward sale	2018	843	843
USD	Forward purchase	2018 2019	1,570 471	1,570 471
ZAR	Forward sale	2018 2019	554 197	554 197

**Hedged capital expenditure** Exchange rate hedges are combined with expected aircraft deliveries to form valuation units for the purpose of hedging the risk of price increases due to exchange rate movements. Aircraft purchases are now only hedged by means of forward transactions. The exposure for capital expenditure at year-end 2017, the relevant hedging volume and the effects of the hedges on the acquisition costs of the hedged investments are as follows:



<b>Hedged capital expenditure</b>				
Financial year in m	Exposure in USD	Hedging volume in USD	Market values in €	Hedge ratio
2018	1,091	986	5	90%
2019	1,324	1,027	21	78%
2020	1,593	1,149	56	72%
2021	1,703	1,151	48	68%
2022	1,751	1,530	91	87%
2023	1,588	1,411	74	89%
2024	1,317	1,023	48	78%
2025	578	396	12	68%
<b>Total</b>	<b>10,945</b>	<b>8,672</b>	<b>355</b>	<b>79%</b>

**Interest rate hedges** Suitable interest rate swaps and combined interest rate / currency swaps are arranged with external parties to hedge interest rate risks on balance sheet bonds, loans and leasing liabilities. These are summarised within valuation units. Hedged items and hedges have identical maturities, up to 2028 at the latest. As the reciprocal cash flows balance each other out, the interest rate swaps are not presented in the balance sheet. As of 31 December 2017, provisions for onerous contracts of EUR 4m are recognised for impending losses regarding interest rate hedges with no hedged items.

Furthermore, Deutsche Lufthansa AG and its subsidiaries have arranged combined interest rate / currency swaps that are matched by interest rate / currency swaps of the same type, volume and maturity with external third parties. These are also summarised within valuation units. Hedged items and hedges have identical maturities, up to 2031 at the latest. The hedged cash flows balance each other fully, so that the valuation units are fully effective. As of 31 December 2017, provisions for onerous contracts of EUR 15m are recognised for impending losses regarding other internal interest rate hedges.

<b>Interest rate hedges</b>				
31.12.2017 in €m	Volume of hedged item	Market value	Maturities up to	Carrying amounts of other provisions
External hedges with hedged item	4,211	37	2028	–
External hedges without hedged item	1,243	2	2027	4
External hedges for subsidiaries	619	0	2028	–
Internal hedges with subsidiaries	326	– 12	2031	15

The fair values of interest rate derivatives correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting future cash flows. Discounting takes market standard interest rates

and the residual term of the respective instruments into account.

**Fuel hedging** As of 31 December 2017, exposure to fuel prices was as follows:

<b>Fuel price exposure</b>			
		2018	2019
Fuel requirement	in thousand t	6,027	6,079
Hedging instruments	in thousand t	4,557	1,414
Hedge ratio	in %	76%	23%

For the financial year 2017, there are no hedges for the price difference between gas oil and crude oil and between kerosene and crude oil as of the balance sheet date.

Suitable forward transactions, spread options and combinations of hedges are arranged with external counterparties to hedge price risks from future fuel requirements. They have been combined with the hedged items within valuation units to improve presentation of the earnings position.

<b>Fuel price hedges</b>				
31.12.2017 in €m	Volume of hedged items in thousand t	Market value	Maturities up to	Carrying amount of other assets
Spread options for fuel hedging	5,205	292	2019	72
Commodities swaps	10	2	2018	–
Hedging combinations for fuel hedging	756	45	2018	10

The market prices of options used to hedge fuel prices are determined using acknowledged option pricing models. The market values correspond to the price at which an independent third party would assume the rights and / or obligations from the financial instrument.

#### **Financial instruments held as financial investments**

The fair values of financial instruments held as financial investments were above the carrying amounts as of 31 December 2017.

<b>Balance sheet items</b>		
in €m	Market values 31.12.2017	Carrying amounts 31.12.2017
Shares in affiliated companies	1,805	1,805
Loans to affiliated companies	189	194
Other loans	2	2

Shares in affiliated companies relate to an equity interest of 100 per cent in Crane Strategic Investment S.C.S., Belgium. This is an equity investment in a foreign

investment vehicle within the meaning of Section 1 Paragraphs 1 & 2 of the German Investment Code (KAGB). The distribution in the financial year came to EUR 31m. It can be returned on a daily basis without any restriction. The investment serves to hold a strategic minimum liquidity.

## Notes to the income statement

### 18) Traffic revenue

Traffic revenue by traffic region		
in €m	2017	2016
Europe	5,871	5,428
North America	4,177	3,883
Asia / Pacific	2,816	2,678
South America	1,051	1,037
Africa	576	496
Middle East	521	541
	<b>15,012</b>	<b>14,063</b>

Traffic revenue by sector		
in €m	2017	2016
Scheduled	14,509	13,576
Charter	503	487
	<b>15,012</b>	<b>14,063</b>

### 19) Other revenue

Other revenue by sector		
in €m	2017	2016
Rent for land / buildings	49	49
Aircraft on operating leases	148	155
Services rendered	169	144
Staff secondment	58	64
Travel services (commissions / fees)	530	513
Ground services / in-flight sales	170	162
Other	48	59
	<b>1,172</b>	<b>1,146</b>

84 per cent of other revenue was generated in Europe (previous year: 87 per cent).

### 20) Other operating income

Other operating income		
in €m	2017	2016
Proceeds on the disposal of non-current assets	7	11
Exchange rate gains from foreign currency translation	1,001	1,095
Write-backs of provisions	283	269
Compensation received for damages	11	15

Earnings from write-backs on assets	18	54
Other operating income	201	205
	<b>1,521</b>	<b>1,649</b>

The write-backs of provisions include write-backs of pension provisions of EUR 185m in connection with the switch to the new retirement benefits model for cockpit crew.

### 21) Cost of materials and services

Cost of materials and services		
in €m	2017	2016
Aircraft fuel and lubricants	2,911	2,847
Other costs of raw materials, consumables and supplies and goods purchased	66	72
Cost of services purchased	7,312	6,861
	<b>10,289</b>	<b>9,780</b>

### 22) Staff costs

Staff costs		
in €m	2017	2016
Wages and salaries	2,422	2,272
Social security, pensions and benefit contributions	396	583
- of which for retirement benefits	(90)	(287)
	<b>2,818</b>	<b>2,855</b>

Average number of employees		
	2017	2016
Flight staff	24,482	23,341
Ground staff	11,992	12,299
Trainees	57	63
	<b>36,531</b>	<b>35,703</b>

### 23) Depreciation, amortisation and impairment

Depreciation, amortisation and impairment of intangible assets, aircraft and other property, plant and equipment are detailed in the statement of changes in non-current assets. Impairment losses of EUR 25m were recognised in the financial year for a retired A340-600 and other components carried at Lufthansa AG for several A340-600 aircraft. Total depreciation and amortisation in 2017 shown in the statement of changes in non-current assets includes amortisation of financial investments.

## 24) Other operating expenses

Other operating expenses		
in €m	2017	2016
Sales commission paid to agencies	221	222
Rental and maintenance expenses	167	181
Expenses for computerised distribution systems	278	263
Impairment charges / depreciation and amortisation of current assets	15	17
Courses / training for flight staff	82	87
Advertising and sales promotions	207	203
Exchange rate losses from foreign currency translation	821	839
Payment system expenses (especially credit card commission payments)	166	155
Insurance for flight operations	24	23
Travel expenses	233	236
Auditing, consulting and legal expenses	122	108
Other operating expenses	659	612
	<b>2,995</b>	<b>2,946</b>

## 25) Result from equity investments

Result from equity investments		
in €m	2017	2016
Income from profit transfer agreements	1,409	374
Expenses from loss transfer agreements	277	267
Income from equity investments	713	491
- of which from affiliated companies	(710)	(488)
	<b>1,845</b>	<b>598</b>

Income / expenses from profit and loss transfer agreements are shown including tax contributions. Income from equity investments consists primarily of the dividends from AirTrust AG, the Lufthansa SICAV-FIS fund and the accrued dividends from the Austrian leasing companies for the financial year 2017 due to aligning the timing of profit recognition.

## 26) Net interest

Net interest				
in €m	2017	of which affiliated companies	2016	of which affiliated companies
Income from other securities and non-current financial loans	46	41	61	57
Other interest and similar income	78	11	78	10
Interest and similar expenses	- 252	- 16	- 45	- 9
- of which accrued interest	(- 744)	-	(- 207)	-
- of which from market valuation of pension fund assets	(733)	-	(336)	-
	<b>- 128</b>	<b>36</b>	<b>94</b>	<b>58</b>

The significant increase in accrued interest expenses results from the change in the discount rate used to calculate pension provisions.

## 27) Impairment on investments and current securities

Impairment losses of EUR 37m were recognised on investments. They consist of impairment losses on the carrying amounts of the Lufthansa Crane Strategic Investment S.C.S. (EUR 5m) and Lufthansa Leasing Austria Nr. 29 (EUR 19m), as well as impairment losses on loans to Lufthansa Super Star gGmbH (EUR 11m) and LSG Holding AG (EUR 2m). An impairment charge of EUR 1m was also recognised on current securities.

## 28) Taxes

Taxes		
in €m	2017	2016
Income taxes	297	295
- of which deferred income taxes	(- 353)	(62)
Other taxes	48	51
	<b>345</b>	<b>346</b>

Taxes on income and earnings and other taxes also include net items from previous years of EUR 198m.

## 29) Supervisory Board and Executive Board

The members of the Supervisory Board and the Executive Board are listed on p. 28.

The principles of the remuneration system and the amount of remuneration paid to the individual Executive Board and Supervisory Board members are shown and explained in detail in the remuneration report. The remuneration report forms part of the combined management report.

**Executive Board** Remuneration for the Executive Board members active in the reporting year is as follows:

Total remuneration of Executive Board members		
in € thousands	2017	2016
Basic salary	4,831	4,544
Other	449	500
One-year variable remuneration	5,430	2,747
Long-term variable remuneration	990	545
Share programme <sup>1</sup>	3,031	2,053
<b>Total remuneration</b>	<b>14,731</b>	<b>10,389</b>
Staff costs of pension commitments	3,119	2,253

<sup>1</sup> Fair value at the time the options are granted

The Executive Board's remuneration consists of the following components:

- **Fixed annual basic salary** Basic remuneration, paid monthly as a salary.
- **Variable annual bonus** The variable remuneration is based on the EBIT margin for the Lufthansa Group. 50 per cent of this bonus is multiplied by an individual performance factor and paid the following year and therefore on an annual basis. The remaining 50 per cent is carried forward for another two years. At the end of the assessment period, which runs for three years in total, the amount carried forward is to be multiplied by a factor of between 0 and 2 (bonus / malus factor). 70 per cent of this factor depends on the EACC achieved over the three-year period and 30 per cent depends on sustainability parameters such as environmental protection, customer satisfaction and staff commitment.
- **Share-based remuneration** Executive Board members are also required to participate in the share programmes for managers (with their own parameters, which are structured differently from those of the general managers' programme). The programmes are scheduled to run for four years. These arrangements ensure that the variable remuneration components are primarily based on performance over several years.
- **Other benefits** Other benefits include, in particular, the non-cash benefit of using company cars, the discount granted in connection with share programmes, benefits from concessionary travel in accordance with the relevant IATA regulations as well as attendance fees and daily allowances for work on the supervisory boards of affiliated companies.

In addition to the provision for the one-year variable remuneration of EUR 5,430k (previous year: EUR 2,747k), provisions totalling EUR 990k (previous year: EUR 545k) were recognised for the future payment of long-term variable remuneration for the Executive Board members active as of 31 December 2017.

Executive Board members hold the following shares in the current share programmes:

	2017	2016	2015	2014
Carsten Spohr	6,525	15,120	13,365	15,255
Karl-Ulrich Garnadt	–	10,080	8,910	10,170
Harry Hohmeister	4,350	10,080	8,910	10,170
Ulrik Svensson	4,350	–	–	–
Dr Bettina Volkens	4,350	10,080	8,910	10,170
Thorsten Dirks	4,350	–	–	–

Expenses of EUR 9,420m for share-based remuneration were recognised for current share programmes. This represents the fair value of the options granted during the year and changes in the value of options granted in prior years.

Current payments to former members of the Executive Board and their surviving dependants came to EUR 5.2m (previous year: EUR 5.7m). This includes payments by

subsidiaries as well as benefits in kind and concessionary travel.

Pension obligations towards former Executive Board members and their surviving dependants amount to EUR 62.8m (previous year: EUR 63.7m).

**Supervisory Board** Fixed remuneration for the Supervisory Board came to EUR 2,164k for the financial year 2017 (previous year: EUR 2,170k). Other remuneration, mainly attendance fees, amounted to EUR 89k (previous year: EUR 111k).

Moreover, the Deutsche Lufthansa AG Supervisory Board members were paid EUR 17k (previous year: EUR 17k) for work on supervisory boards of Group companies. In addition to their Supervisory Board remuneration, employee representatives on the Supervisory Board received compensation for their work in the form of wages and salaries including pension entitlements amounting to EUR 1.0m in total (previous year: EUR 0.9m).

In the reporting year, as in the previous year, no loans or advance payments were made to members of the Executive Board or Supervisory Board.

### 30) Proposal on the appropriation of the distributable profit

It is proposed to use the distributable profit for the year of EUR 1,227m to pay a dividend of EUR 0.80 per share (EUR 377m) and to transfer EUR 850m to retained earnings.

### 31) Events after the balance sheet date

Lufthansa Commercial Holding GmbH acquired all the shares in Luftfahrtgesellschaft Walter mbH with effect from 8 January 2018. The acquisition is based on the agreement signed by the Lufthansa Group and the Air Berlin group on 13 October 2017. The preliminary purchase price is EUR 22m.

The Lufthansa Group and the trade union ver.di signed long-term agreements on 7 February 2018 for the 28,000 ground staff at Lufthansa German Airlines, Lufthansa Cargo, Lufthansa Technik and LSG Group in Germany. The wage agreement prescribes an increase in remuneration totalling 4.9 to 6.1 per cent. The increase depends on the Adjusted EBIT margin in the individual segments, with a guaranteed increase of at least 4.9 per cent, regardless of the margin that is achieved. Thus, the wage settlement takes into account the economic growth of the Group companies. The wage agreement is valid for 33 months, from 1 January 2018 until 30 September 2020.

### 32) Declaration of compliance in accordance with Section 161 German Stock Corporation Act (AktG)

The declaration of compliance with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) was issued by the Executive Board and Supervisory Board and made public permanently as part of the declaration on corporate governance in line with Section 289f HGB on the Company's website at [www.lufthansagroup.com/declaration-of-compliance](http://www.lufthansagroup.com/declaration-of-compliance).

### 33) Auditors' fees

Auditors' fees recognised in expenses in the financial year 2017 in accordance with Section 319 Paragraph 1 HGB are made up as follows:

<b>Auditors' fees</b>		
in €m	2017	2016
Audit services	3.6	3.0
Other certification services	0.2	0.3
Tax advisory services	0.7	1.3
Other services	0.1	0.1
	<b>4.6</b>	<b>4.7</b>

The auditing services mainly consist of fees for auditing the consolidated financial statements, the review of the half-yearly financial statements and the audit of the financial statements of Deutsche Lufthansa AG and its consolidated subsidiaries. Other certification services relate in particular to various reviews in connection with changes to IT systems and advisory work in connection with the introduction of SAP HANA. Tax advisory services mainly comprise tax advice on transfer pricing and international tax matters. Other services primarily concern other consultancy work on the use of biometric identification methods.

## **Declaration by the legal representatives**

We declare that, to the best of our knowledge and according to the applicable accounting standards, the financial statements give a true and fair view of the net assets, the financial and earnings positions of the Company, and that the management report, which has been combined with the Group management report, includes a fair view of the course of business, including the business result and the situation of the Company, and suitably presents the principal opportunities and risks to its future development.

Cologne, 7 March 2018

**Deutsche Lufthansa Aktiengesellschaft**

Executive Board

# INDEPENDENT AUDITOR'S REPORT

## *Audit Opinions*

We have audited the annual financial statements of Deutsche Lufthansa AG, Köln, which comprise the balance sheet as at 31 December 2017, and the statement of profit and loss for the financial year from 1 January to 31 December 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Deutsche Lufthansa AG, which is combined with the group management report, for the financial year from 1 January to 31 December 2017. We have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its financial performance for the financial year from 1 January to 31 December 2017 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

## *Basis for the Audit Opinions*

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

## *Key Audit Matters in the Audit of the Annual Financial Statements*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- ① Recognition of traffic revenue, including provision for unused flight documents
- ② Accounting treatment of aircraft, including investments in aircraft ownership companies
- ③ Pension provisions

#### ④ Accounting treatment of hedging transactions

Our presentation of these key audit matters has been structured in each case as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matters:

#### ① Recognition of traffic revenue, including the provision for unused flight documents

- ① Until they are used due to departure, sold flight documents are recognized as a provision for unused flight documents in the Company's annual financial statements. Once a passenger coupon has been used due to departure, the corresponding traffic revenue is recognized as revenue in the income statement. First of all, the part of the flight documents that has not yet been used in the financial year and is still valid in the following year is added to the provision for unused flight documents. In addition, based on historical data, the amount of expired flight documents which are expected to not be used is estimated; this amount is also recognized as a provision for unused flight documents. In the financial year 2017, the Company realized traffic revenue of EUR 15.0 billion in total.

From our point of view, the recognition of traffic revenue was of particular significance for our audit, as recognition and measurement of this item, which is specific to the business model and significant in amount, are highly dependent on the estimates and assumptions of the executive directors regarding the use behavior of flight documents, to which calculation processes that are, in some cases, complex are applied.

- ② We also included our specialists in the Risk Assurance Service (RAS) to audit traffic revenue. With their assistance, we evaluated, among other things, the appropriateness and effectiveness of the established internal control system used to settle and realize traffic revenue, including the IT systems used by the Company. To the extent that we were not able to conduct our own evaluation of the internal control system of services relating to IT systems or processes outsourced to third parties, we obtained an assurance report attesting to the appropriateness and effectiveness of the internal control system established by the service provider (ISAE 3402 Type II or SSAE 16), which our specialists assessed. In our audit of the provision for unused flight documents, we reconstructed among other things the individual steps used in the calculations. Specifically, we examined the open flight documents and their measurement by year of sale and validity. Furthermore, we considered the consistency and continuity of the method used to calculate the flight prices, fees, taxes and other levies attributable to the flight documents no longer expected to be used. We were able to satisfy ourselves that the estimates and assumptions of the executive directors were consistently derived and sufficiently documented.
- ③ The disclosures on traffic revenue and the provisions for unused flight documents are contained in sections 13) and 18) of the notes to the annual financial statements.

#### ② Accounting treatment of aircraft, including investments in aircraft ownership companies

- ① Under the balance sheet item "Aircraft", the Company reports aircraft and prepayments on newly ordered aircraft in the amount of EUR 6.0 billion in its annual financial statements. The aircraft reported include, on the one hand, the aircraft that are legally owned and used by the Company. On the other hand, the Company leases aircraft from aircraft ownership companies in which the Company holds a direct or indirect stake and the investments in which are reported under "Long-term financial assets" in an amount of EUR 1.3 billion, and from external lessors. The Company reports leased aircraft in its annual financial statements when they are attributable to it for economic purposes. The economic attribution is based on the general principles of German commercial law and – where applicable – on the fiscal decrees on leasing. The purchase of 40 aircraft from the former lessor of the Air Berlin Group has resulted in a considerable increase in the balance sheet item "Aircraft".

In accordance with German commercial law, the aircraft are measured at cost less depreciation and write-downs. The depreciation was calculated based on the average actual useful life of the aircraft at the Company. In the event of a



permanent impairment due to changes in an aircraft's use situation, a write-down to the lower fair value is made, taking into account a market price overview published on a regular basis by Aircraft Value Analysis Company Ltd.

Investments in aircraft ownership companies are measured in accordance with German commercial law at the lower of cost and fair value. The fair value of the investment is determined based on the fair value of the aircraft held by the aircraft ownership company, which is derived from the prices observed on the market, taking into account a market price overview published on a regular basis by Aircraft Value Analysis Company Ltd.

In our view, these matters were of particular significance in the context of our audit because the recognition and measurement of these items – which are significant in terms of its amount – are based to a large extent on estimates and assumptions made by the Company's executive directors.

- ② As part of our audit, we assessed the appropriateness and effectiveness of the established internal control system related to the IT system used together with our specialists from Risk Assurance Service (RAS). We evaluated whether the aircraft additions and disposals, as well as the prepayments on aircraft, had been recognized completely and accurately based on purchase agreements and transfer documents/based on payment plans derived from the aircraft orders and proof of payment, among other things. We assessed whether the carrying amounts of the investments in the aircraft ownership companies had been recognized completely and accurately on the basis of company resolutions, transfer documents and proof of payment. We also requested proof of who the aircraft owner and holder was, in the form of a confirmation issued by the German Federal Aviation Authority, on a sample basis. We also verified whether the approval of the supervisory board had been obtained for aircraft orders. We assessed the lease agreements concluded for aircraft with regard to their correct allocation of beneficial ownership. We also evaluated the appropriateness of the measurement assumptions used by the executive directors to arrive at the aircraft depreciation, as well as the fair values of the aircraft and aircraft ownership companies, taking the available information into account. In individual cases in which the fair value was lower than the carrying amount and no write-downs were applied, we assessed whether there was a permanent impairment. We also verified whether profit and loss transfers had been recognized in full and accurately based on company resolutions and annual financial statements. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors were substantiated and adequately documented.
- ③ The disclosures on the aircraft and prepayments on aircraft and the long-term financial assets are contained in sections 2) and 3) of the notes to the annual financial statements.

### ③ Pension provisions

- ① There are various pension plans and plan assets in place for the individual Lufthansa employee groups. If the settlement amount of the respective pension obligation in accordance with German commercial law exceeds the fair value of the plan assets, then the net amount for the pension plan in question is reported on the liabilities side under the balance sheet item "Provisions for pensions and similar obligations". Otherwise, it is reported on the assets side under the balance sheet item "Excess of plan assets over pension liability". The "Provisions for pensions and similar obligations" of EUR 0.9 billion reported in the balance sheet correspond to the balance of the direct obligations from the Company's pension plans in the amount of EUR 3.1 billion and the fair value of the plan assets of EUR 2.2 billion. The "Excess of plan assets over pension liability" of EUR 0.9 billion corresponds to the balance of the settlement amount of the direct obligations from the Company's pension plans in accordance with German commercial law in the amount of EUR 6.1 billion and the fair value of the plan assets of EUR 7.0 billion.

The direct pension obligations are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term rates of growth in salaries and pensions, average life expectancy, and staff turnover. The Company's plan assets are measured at fair value, which in turn involves making estimates that are subject to uncertainty.

The measurement had to take into consideration that the retirement and transitional pension arrangement commitments to the Company's cockpit personnel were renegotiated during the reporting period. Occupational pension commitments arising after the conversion date correspond, with a paid-in contribution guarantee and a minimum interest rate corresponding to the maximum technical interest rate of the life insurers, to the market values of the corresponding plan assets from mandatory employer and employee contributions and returns on plan assets. In addition, the collective payment period for the transitional pension provision was shortened by two years. The remeasurement of the corresponding retirement

provision obligations including the transitional pension provision and taking into account the change in individual measurement assumptions, resulted in pension obligations that were EUR 971 million lower on the conversion date.

From our point of view, these matters were of particular significance as part of our audit, as the agreed changes to the pension and transitional pension arrangements materially impact the Company's assets, liabilities and financial performance. In addition, the recognition and measurement of these items, which are significant in amount, are to a large extent based on the estimates and assumptions of the Company's executive directors.

- ② As part of our audit we evaluated the actuarial expert reports obtained and the professional qualifications of the external experts. Due to the specific features of the actuarial calculations, we were assisted by specialists from Pension Consulting. Together with them, we evaluated the numerical data, the actuarial parameters and the valuation methods and assumptions on which the valuations were based for appropriateness. On this basis, we then assessed the calculations of the figures presented on the balance sheet, the accounting entries for the provisions and the disclosures in the balance sheet and the notes to the financial statements based on the expert opinions. We also assessed in detail the principles used by the expert for the measurement of the retirement and transitional pension provision for cockpit personnel and verified the measurement by carrying out plausibility tests and performing individual checks on a sample basis. Our evaluation of the fair values of plan assets was based on bank confirmations submitted to us. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors were substantiated and adequately documented.
- ③ The Company's disclosures relating to the pension provisions and plan assets are contained in sections 2) and 13) of the notes to the annual financial statements.

#### ④ Accounting treatment of hedging transactions

- ① The Company uses a variety of derivative financial instruments to hedge against currency, fuel price and interest rate risks arising from its ordinary business activities. The hedging policy defined by the executive directors serves as the basis for these transactions and is documented in corresponding internal guidelines. Currency risks arise primarily from sale transactions, procurement transactions (in particular fuel and investments in aircraft) and financing denominated in foreign currencies. The risk associated with changes in fuel prices results from future procurement transactions that are subject to market price risks. The risk of changes in interest rates results from floating and fixed-rate financing. In addition to the hedging instruments for its own business activities, the Company also concludes derivative financial instruments with its subsidiaries to hedge against interest rate and currency risks assumed in the context of hedging transactions of subsidiaries within the Group.

The positive fair values of the derivative financial instruments used for hedging purposes amounted to EUR 1.9 billion at the balance sheet date and the negative fair values amounted to EUR 1.2 billion. As far as possible, the derivative financial instruments are combined with the respective hedged transactions into hedging relationships for accounting purposes under German commercial law. The consequence of this is that, due to the application of the net hedge presentation method, changes in the values or cash flows of the derivative financial instruments over the term of the hedging relationship are not reflected in the financial statements, provided that the hedging relationship is effective. If the hedging relationship is ineffective and results in a net loss, a provision for anticipated losses is recognized.

In our view, these matters were of particular significance due to the high complexity and number of hedging instruments as well as the extensive accounting requirements.

- ② As part of our audit and together with the assistance of our internal specialists from Corporate Treasury Solutions, among other things we assessed the contractual and financial bases of the hedging relationship between the hedged transactions and the derivative financial instruments as hedging instruments, together with the accounting treatment adopted including the impact on earnings. We assessed the requirements for recognizing and accounting for hedging relationships, including the ineffective amounts. Together with our specialists, we also assessed the Company's risk management system related to derivative financial instruments, including the internal activities to monitor compliance with the hedging policy. We evaluated the Company's internal guidelines on hedging against currency, interest rate and fuel price risks, in particular with respect to a risk management strategy documented in writing and the assignment of responsibilities by the executive directors, and assessed their appropriateness and functionality. Our audit of the fair values also used market data and the underlying contractual data to evaluate the measurement methods. We obtained bank confirmations as of the balance sheet date for the purpose of assessing the completeness of the hedging instruments and the correctness of the fair values of the

currency, interest rate and fuel price derivatives. With respect to the effectiveness of the hedging relationships, we essentially carried out a retrospective assessment of the past hedge effectiveness and of the expected hedge effectiveness in the future. In doing so, we were able to satisfy ourselves that the conditions for the recognition of hedging relationships are sufficiently well established and documented.

- ③ The Company's disclosures relating to the hedging transactions are contained in sections 2) and 17) of the notes to the annual financial statements.

#### *Other Information*

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate Governance" of the management report
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code

The other information comprises further the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

#### *Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report*

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.]

*Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report*

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by the annual general meeting on 5 May 2017. We were engaged by the supervisory board on 24 October 2017. We have been the auditor of the Deutsche Lufthansa AG, Köln, without interruption since the financial year 1955.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### **GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Dr. Bernd Roese.

Dusseldorf, 7 March 2018 PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven  
Auditor

Dr. Bernd Roese  
Auditor

# Supervisory Board and Executive Board

## Supervisory Board

**Dr Wolfgang Röllner**  
(deceased on 9 March 2018)  
Former Chairman of the  
Supervisory Board  
Deutsche Lufthansa AG  
Honorary Chairman

**Dipl.-Ing. Dr.-Ing. E.h.  
Jürgen Weber**  
Former Chairman of the  
Supervisory Board  
Deutsche Lufthansa AG  
Honorary Chairman

## Voting members

**Wolfgang Mayrhuber**  
Former Chairman of the  
Executive Board  
Deutsche Lufthansa AG  
Chairman  
(until 24 September 2017)

**Dr Karl-Ludwig Kley**  
Chairman of the Supervisory Board  
E.ON SE  
Chairman (since 25 September 2017)

**Christine Behle**  
Member of the National Executive  
Board  
of the trade union ver.di  
Employee representative  
Deputy Chairwoman

**Nicoley Baublies**  
Purser and member of the Board  
of the trade union UFO e.V. and  
Chairman of the Executive Board of  
the air transport trade union (IGL)  
Employee representative

**Dr Werner Brandt**  
Former member of the Executive  
Board  
SAP SE  
(until 31 December 2017)

**Jörg Cebulla**  
Flight captain  
Employee representative

**Herbert Hainer**  
Former Chairman of the Executive  
Board  
adidas AG

**Dr h.c. Robert Kimmitt**  
Senior International Counsel  
Wilmer Cutler Pickering Hale and Dorr  
LLP, USA

**Carsten Knobel**  
Member of the Executive Board and  
CFO, Henkel AG & Co. KGaA (since 9  
January 2018)

**Martin Koehler**  
Independent management consultant  
and former head of the Aviation  
Competence  
Centre at  
The Boston Consulting Group

**Doris Krüger**  
Senior Director Future Innovation  
Strategy, Lufthansa Group  
Employee representative

**Eckhard Lieb**  
Training coordinator  
Employee representative

**Jan-Willem Marquardt**  
Flight captain and member of the  
Vereinigung Cockpit pilots' union  
Employee representative

**Martina Merz**  
Former CEO Chassis Brakes  
International, Netherlands

**Ralf Müller**  
State certified technician  
Employee representative

**Monika Ribar**  
President of the Board of Directors  
(VRP), Schweizerische  
Bundesbahnen  
SBB AG, Switzerland

**Miriam E. Sapiro**  
Managing Director at Sard Verbinnen  
& Co., USA  
(since 24 October 2017)

**Andreas Strache**  
Flight manager  
Employee representative

**Stephan Sturm**  
Chairman of the Executive Board  
Fresenius Management SE

**Christina Weber**  
Administrative staff member  
Employee representative

**Birgit Weinreich**  
Flight attendant  
Employee representative

**Matthias Wissmann**  
President of the  
International Organization of  
Motor Vehicle Manufacturers (OICA)

## Executive Board

**Carsten Spohr**  
Chairman of the Executive Board

**Thorsten Dirks**  
Member of the Executive Board  
Chief Officer Eurowings and Aviation  
Services  
(since 1 May 2017)

**Karl Ulrich Garnat**  
Member of the Executive Board  
Chief Officer Eurowings and Aviation  
Services  
(until 30 April 2017)

**Harry Hohmeister**  
Member of the Executive Board  
Hub Management

**Ulrik Svensson**  
Member of the Executive Board  
Finances

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

## Other mandates of the Supervisory Board members of Deutsche Lufthansa AG

As of 31.12.2017

**Wolfgang Mayrhuber** (As of date of departure on 24 September 2017)

- a) Infineon Technologies AG (Chairman)
- b) HEICO Corporation, USA

**Dr Karl-Ludwig Kley**

- a) BMW AG (Deputy Chairman)  
E.ON SE (Chairman)
- b) Verizon Communications Inc., USA (until 3 May 2018)

**Christine Behle**

- a) Bochum-Gelsenkirchener Straßenbahnen AG  
BREMER LAGERHAUS-GESELLSCHAFT  
-Aktiengesellschaft von 1877- (Deputy Chairman)  
Hapag-Lloyd AG (Deputy Chairman)

**Dr Werner Brandt<sup>1</sup>**

- a) innogy SE (Chair) (until 31 December 2017)  
OSRAM Licht AG (until 31 December 2017)  
ProSiebenSat.1 Media SE (Chairman)  
RWE AG (Chairman)

**Herbert Hainer**

- a) Allianz SE  
FC Bayern München AG (Deputy Chairman)
- b) Accenture plc, Ireland  
Sportradar AG, Switzerland (Chair)

**Carsten Knobel** (As of date of appointment in the Supervisory Board on 9 January 2018)

- b) Henkel Central Eastern Europe GmbH, Austria (Chair)  
Henkel (China) Investment Co. Ltd., China  
Henkel & Cie. AG, Switzerland  
Henkel Consumer Goods, Inc., USA (Chair)  
Henkel Ltd., United Kingdom  
Henkel of America Inc. (Chair)

**Martin Koehler**

- a) Delton AG
- b) American Funds Investment-Fonds, managed by the Capital Group, USA  
Enfold Inc., USA  
FlixMobility GmbH

**Eckhard Lieb**

- b) Albatros Versicherungsdienste GmbH

**Martina Merz**

- b) AB Volvo, Sweden  
Imerys SA, France  
NV Bekaert SA, Belgium  
SAF-HOLLAND S.A., Luxembourg  
(Deputy Chairman)

**Ralf Müller**

- a) Lufthansa Cargo AG (until 31 December 2017)

**Monika Ribar**

- b) Chain IQ Group AG, Switzerland  
Swiss Federal Railways SBB AG, Switzerland  
(President of the Board of Directors, VRP)  
Sika AG, Switzerland

**Miriam E. Sapiro**

- b) Project Hope, USA

**Stephan Sturm**

- a) Fresenius Kabi AG (Chairman)  
Fresenius Medical Care Management AG (Chairman)
- b) VAMED AG, Austria (Deputy Chairman)

**Christina Weber**

- a) LSG Lufthansa Service Holding AG

<sup>1</sup> Until 31 December 2017

- a) Membership of German supervisory boards required by law
- b) Membership of comparable supervisory boards at companies in Germany and abroad

# Mandates of the Executive Board members of Deutsche Lufthansa AG

As of 31.12.2017

## Carsten Spohr

- a) Lufthansa Technik AG\* (Chair)  
ThyssenKrupp AG
- b) Dr. August Oetker KG  
SN Airholding SA/N.V., Belgium

## Thorsten Dirks

- a) Eurowings GmbH\* (Chairman)  
Germanwings GmbH\* (Chairman)
- b) Günes Ekspres Havacilik A.S. (SunExpress), Turkey  
SN Airholding SA/N.V., Belgium

## Karl Ulrich Garnadt (As of date of departure on 30 April 2017)

- a) Eurowings GmbH\* (Chairman)  
Germanwings GmbH\* (Chairman)  
LSG Lufthansa Service Holding AG\*  
Lufthansa CityLine GmbH\* (Chairman)  
Lufthansa Aviation Training Germany GmbH\* (Chair)
- b) Air Dolomiti S.p.A. Linee Aeree Regionali Europee,  
Italy  
Austrian Airlines AG, Austria (Deputy Chairman)  
Edelweiss Air AG, Switzerland (Chairman)  
Günes Ekspres Havacilik A.S. (SunExpress), Turkey  
(Deputy Chairman)  
ÖLH Österreichische Luftverkehrs-Holding GmbH,  
Austria (Deputy Chairman)  
SN Airholding SA/N.V., Belgium

## Harry Hohmeister

- Lufthansa Cargo AG\* (Chair)  
Aircraft Maintenance and Engineering Corporation  
(AMECO), China
- a) Austrian Airlines AG, Austria (Chairman)
- b) Miles & More GmbH (Chair)  
Swiss International Air Lines AG, Switzerland

## Ulrik Svensson

- a) Delvag Luftfahrtversicherungs-AG\* (Chairman)  
LSG Lufthansa Service Holding AG\*  
Lufthansa Cargo AG\*  
Lufthansa Technik AG\*
- b) Austrian Airlines AG  
Austria (Deputy Chairman), (since 1 May 2017)  
Lufthansa AirPlus Servicekarten GmbH\* (Chairman)  
Miles & More GmbH\* (Deputy Chairman)  
ÖLH Österreichische Luftverkehrs-Holding GmbH,  
Austria (Deputy Chairman)  
SN Airholding SA/N.V., Belgium  
Swiss International Air Lines AG, Switzerland

## Dr Bettina Volkens

- a) LSG Lufthansa Service Holding AG\*  
(Chairman)

- a) Membership of German supervisory boards required by law
- b) Membership of comparable supervisory boards at companies in  
Germany and abroad
- \* Group mandate in accordance with Section 100 Paragraph 2 Sentence  
2 AktG



## Annexe to the notes

### List of shareholdings

Significant equity investments	Stake in %	Result Taxes in €m*	Shareholders' equity in €m*
Aerococina S.A. de C.V., Mexico City, Mexico	52	1	4
Aerologic GmbH, Leipzig	50	1	4
Air Dolomiti S.p.A. Linee Aeree Regionali Europee, Dossobuono di Villafranca (Verona), Italy	100	3	23
Aircraft Maintenance and Engineering Corp., Beijing, China	25	3 <sup>2</sup>	60 <sup>2</sup>
AIRO Catering Services – Ukraine, Boryspil, Ukraine	100	-- <sup>1</sup>	-- <sup>3</sup>
AIRO Catering Services Eesti OÜ, Tallinn, Estonia	100	1	2
Airo Catering Services Latvija SIA, Marupe, Latvia	100	-- <sup>3</sup>	- 0
AIRO Catering Services Sweden AB, Stockholm-Arlanda, Sweden	100	- 0	11
AirPlus Air Travel Card Vertriebsgesellschaft mbH, Vienna, Austria	100	3	12
AirPlus Holding GmbH, Vienna, Austria	100	5	6
AirPlus International AG, Kloten, Switzerland	100	2	26
AirPlus International Limited, London, United Kingdom	100	6	25
AirPlus International S.r.l., Bologna, Italy	100	4	23
AirPlus International, Inc., Alexandria, VA 22314, USA	100	1	15
AirPlus Payment Management Co., Ltd., Shanghai, China	100	5	37
AirTrust AG, Zug, Switzerland	100	356	98
Alpha LSG Limited, Manchester, United Kingdom	50	-- <sup>1</sup>	-- <sup>1</sup>
Arlington Services Mexico S.A. de C.V., Mexico City, Mexico	100	- 1	13
Arlington Services Panama S.A., Panama City, Panama	100	- 0	10
Arlington Services, Inc., Wilmington, Delaware, USA	100	1	2
AUA Beteiligungen Gesellschaft m.b.H., Vienna Airport, Austria	100	3	11
Austrian Airlines AG, Vienna Airport, Austria	100	102	341
Austrian Airlines Lease and Finance Company Ltd., Guernsey, Great Britain	100	22	43
AVIAPIT-SOCHI OOO, Sochi, Russia	100	-- <sup>3</sup>	6
Bahia Catering Ltda., São Cristóvão (Salvador), Brazil	100	- 0	3
BCC Corporate NV/AS	100	- 1	9
Belém Serviços de Bordo Ltda., Belém, Brazil	70	-- <sup>3</sup>	-- <sup>3</sup>
BizJet International Sales & Support, Inc., Tulsa, Oklahoma, USA	100	1	7
Brussels Airlines NV/SA, Brussels, Belgium	100	- 0	29
Capital Gain International (1986) Ltd., Hong Kong, China	100	1	4
Cater Suprimento de Refeicoes, Ltda., Rio de Janeiro, Brazil	100	- 0	- 6
Caterair Servicos de Bordo e Hotelaria Ltda., Rio de Janeiro, Brazil	100	1	6

Significant equity investments (cont'd)	Stake in %	Result Taxes in €m*	Shareholders' equity in €m*
CateringPor – Catering de Portugal S.A., Lisbon, Portugal	49	1 <sup>2</sup>	3 <sup>2</sup>
Charm Food Service Co. Ltd., Incheon, South Korea	80	1	3
CLS Catering Services Ltd., Vancouver, British Columbia, Canada	70	3	16
Comercializadora de Servicios Limitada, Santiago de Chile, Chile	100	– 0	– <sup>3</sup>
Comisariato de Baja California, S.A. de C.V., Tijuana, Mexico	51	– 0	– <sup>3</sup>
Comisariatos Gotre, S.A. de C.V., Torreon, Mexico	51	– 0	– <sup>3</sup>
Constance Food Group, Inc., New York, USA	100	3	17
Cosmo Enterprise Co., Ltd., Narita City, Japan	20	– <sup>1</sup>	– <sup>1</sup>
Crane Strategic Investment S.C.S., Grevenmacher, Luxembourg	100	– <sup>1</sup>	– <sup>1</sup>
Diners Club Spain S.A., Madrid, Spain	25	1	3
Edelweiss Air AG, Kloten, Switzerland	100	34	69
EME Aero Sp.z.o.o., Jasionka, Poland	50	1	– 0
Eurowings Aviation GmbH, Cologne	100	7	1
Eurowings Europe GmbH, Vienna Airport, Austria	100	1	– 2
Eurowings GmbH, Dusseldorf	100	– 32	58
Eurowings Technik GmbH	100 <sup>3</sup>	– <sup>3</sup>	– <sup>3</sup>
Fortaleza Serviços de Bordo Ltda., Fortaleza, Brazil	70	– <sup>3</sup>	– <sup>3</sup>
Gansu HNA LSG Sky Chefs Co., Ltd., Lanzhou, China	49	– <sup>1</sup>	– <sup>1</sup>
Germanwings GmbH, Cologne	100	– 28	64
Global Brand Management AG, Basel, Switzerland	100	39	394
Guangzhou Baiyun International Airport LSG Sky Chefs Co Ltd, Guangzhou, China	50	3 <sup>2</sup>	34 <sup>2</sup>
Günes Ekspres Havacilik Anonim Sirketi (SunExpress), 07300 Antalya, Turkey	50	26	95
Hamburger Gesellschaft für Flughafenanlagen mbH, Hamburg	100	10	205
Hawker Pacific Aerospace, Sun Valley, California, USA	100	– 4	26
HEICO Aerospace Holdings Corp., Florida 33021, USA	20	8 <sup>2</sup>	49 <sup>2</sup>
Hongkong Beijing Air Catering Ltd., Hong Kong, China	45	– <sup>2,3</sup>	3 <sup>2</sup>
Hongkong Shanghai Air Catering Ltd., Hong Kong, China	45	1 <sup>2</sup>	5 <sup>2</sup>
Inflight Catering (Pty) Ltd., Johannesburg, South Africa	100	– <sup>1</sup>	– <sup>1</sup>
Inflight Catering Services Limited, Dar es Salaam, Tanzania	62	– <sup>3</sup>	2
Inflite Holdings (Cayman) Ltd., Grand Cayman, Cayman Islands	49	2	8
Inflite Holdings (St. Lucia) Ltd., Castries, St. Lucia	49	2	11
International Food Services Ltd., Hong Kong, China	100	– 0	4
Inversiones Turísticas Aeropuerto Panama S.A., Panama City, Panama	100	– <sup>1</sup>	– <sup>1</sup>
JASEN Grundstücksgesellschaft mbH & Co. oHG, Grünwald	100	2	25
Jettainer Americas, Inc., Wilmington, Delaware, USA	100	1	4
Jettainer GmbH, Raunheim	100	1	5
LeaseAir GmbH & Co. Verkehrsflugzeuge V KG, Dusseldorf	100	4	30
LHAMI LEASING LIMITED, Dublin, Ireland	100	– 1	165
LHAMIH LIMITED, Dublin, Ireland	100	632	3,997
LHBD Holding Limited, London, United Kingdom	100	– 0	– <sup>3</sup>
LSG Asia GmbH, Neu-Isenburg	100	17	– 0
LSG Catering (Thailand) Ltd., Bangkok, Thailand	100	2	2
LSG Catering China Ltd., Hong Kong, China	100	– 0	– 4

Significant equity investments (cont'd)	Stake in %	Result Taxes in €m*	Shareholders' equity in €m*
LSG Catering Guam, Inc., Guam, USA	100	– 0	– 1
LSG Catering Hong Kong Ltd., Hong Kong, China	100	8	97
LSG Catering Saipan, Inc., Saipan, Micronesia	100	– 1 <sup>1</sup>	– 3 <sup>3</sup>
LSG France SAS, Paris, France	100	– 1	1
LSG Helvetia SAS	100	– 3 <sup>3</sup>	– 3 <sup>3</sup>
LSG Holding Asia Ltd., Hong Kong, China	87	4	16
LSG Linearis SAS, Paris, France	100	– 3 <sup>3</sup>	1
LSG Lufthansa Service - Sky Chefs do Brasil Catering Refeições Ltda., São Paulo, Brazil	100	– 2	– 19
LSG Lufthansa Service Asia Ltd., Hong Kong, China	100	3	34
LSG Lufthansa Service Cape Town (Pty) Ltd., Cape Town, South Africa	100	– 1 <sup>1</sup>	– 3 <sup>3</sup>
LSG Lufthansa Service Catering- und Dienstleistungsgesellschaft mbH, Neu-Isenburg	100	– 1	1
LSG Lufthansa Service Enterprises Ltd., Hong Kong, China	100	– 3 <sup>3</sup>	2
LSG Lufthansa Service Europa/Afrika GmbH, Neu-Isenburg	100	3	197
LSG Lufthansa Service Guam, Inc., Guam, USA	100	2	13
LSG Lufthansa Service Holding AG, Neu-Isenburg	100	– 89	683
LSG Lufthansa Service Hong Kong Ltd., Hong Kong, China	41.62 <sup>4</sup>	4	10
LSG Lufthansa Service Saipan, Inc., Saipan, Micronesia	100	1	13
LSG Sky Chefs - First Catering Schweiz AG, Bassersdorf, Switzerland	60	– 3 <sup>3</sup>	– 3 <sup>3</sup>
LSG Sky Chefs (India) Private Ltd., Mumbai, India	100	– 3 <sup>3</sup>	6
LSG Sky Chefs (Qingdao) Co., Ltd., Laixi City, China	100	1	1
LSG Sky Chefs (Thailand) Ltd., Bangkok, Thailand	64	2	8
LSG Sky Chefs Argentina S.A., Buenos Aires, Argentina	100	3	9
LSG Sky Chefs Belgium N.V., Zaventem, Belgium	100	– 2	6
LSG Sky Chefs Berlin GmbH, Neu-Isenburg	100	– 0	1
LSG Sky Chefs Bremen GmbH, Neu-Isenburg	100	– 0	– 2
LSG Sky Chefs Brussels International BVBA, Zaventem, Belgium	100	– 0	– 4
LSG Sky Chefs Czechia spol. s.r.o., Bor, Czech Republic	100	– 0	3
LSG Sky Chefs Danmark A/S, Dragør, Denmark	100	– 6	– 1
LSG Sky Chefs de Venezuela C.A., Caracas, Venezuela	100	2	1
LSG Sky Chefs Düsseldorf GmbH, Neu-Isenburg	100	– 3	– 1
LSG Sky Chefs Europe GmbH, Neu-Isenburg	100	– 0	– 0
LSG Sky Chefs Frankfurt International GmbH, Neu-Isenburg	100	– 27	– 6
LSG Sky Chefs Frankfurt ZD GmbH, Neu-Isenburg	100	– 12	– 7
LSG Sky Chefs Hamburg GmbH, Neu-Isenburg	100	– 6	– 20
LSG Sky Chefs Havacilik Hizmetleri A.S., Sefaköy-Istanbul, Turkey	100	– 1	– 3
LSG Sky Chefs Istanbul Catering Hizmetleri A.S., Istanbul, Turkey	100 <sup>6</sup>	– 1	10
LSG Sky Chefs Kenya Limited, Nairobi, Kenya	50	– 0	2
LSG Sky Chefs Köln GmbH, Neu-Isenburg	100	1	5
LSG Sky Chefs Korea Co Ltd., Incheon, South Korea	80	20	101
LSG Sky Chefs Leipzig GmbH, Neu-Isenburg	100	– 4	– 3
LSG Sky Chefs Lounge GmbH, Neu-Isenburg	100	1	– 3 <sup>3</sup>
LSG Sky Chefs Malmö AB, Stockholm, Sweden	100	– 2	1
LSG Sky Chefs München GmbH, Neu-Isenburg	100	– 12	– 26

Significant equity investments (cont'd)	Stake in %	Result Taxes in €m*	Shareholders' equity in €m*
LSG Sky Chefs New Zealand Limited, Auckland, New Zealand	100	– 0	25
LSG Sky Chefs Norge AS, Gardermoen, Norway	100	– 2	– 1
LSG Sky Chefs North America Solutions, Inc., Wilmington, Delaware, USA	100	5	5
LSG Sky Chefs Objekt- und Verwaltungsgesellschaft mbH, Neu-Isenburg	100	4	114
LSG Sky Chefs Rus, Moscow, Russia	100	1	1
LSG Sky Chefs S.p.A., Fiumicino (Rome), Italy	100	– 8	24
LSG Sky Chefs Schweiz AG, Bassersdorf, Switzerland	100	– <sup>3</sup>	4
LSG Sky Chefs Solutions Asia Limited, Hong Kong, China	100	– 0	2
LSG Sky Chefs South Africa (Proprietary) Ltd., Johannesburg, South Africa	100	– 6	– 4
LSG Sky Chefs Spain S.A., Madrid, Spain	100	– 0	– <sup>3</sup>
LSG Sky Chefs Supply Chain Solutions, Inc., Wilmington, Delaware, USA	100	17	9
LSG Sky Chefs Sverige AB, Stockholm, Sweden	100	– 4	– <sup>3</sup>
LSG Sky Chefs TAAG Angola S.A., Luanda, Angola	40	1	3
LSG Sky Chefs UK Limited, West Drayton, United Kingdom	100	– <sup>3</sup>	– 0
LSG Sky Chefs USA, Inc., Wilmington, Delaware, USA	100	– <sup>1</sup>	472
LSG Sky Chefs Verwaltungsgesellschaft mbH, Neu-Isenburg	100	– 58	96
LSG South America GmbH, Neu-Isenburg	100	– 2	5
LSG/Sky Chefs Europe Holdings Ltd., West Drayton, United Kingdom	100	4	44
LSG-Food & Nonfood Handel GmbH, Neu-Isenburg	100	– <sup>3</sup>	– <sup>3</sup>
LSG-Sky Food GmbH, Alzey	100	4	– <sup>3</sup>
LSY GmbH, Norderstedt	100	8	518
Lufthansa AirPlus Servicekarten GmbH, Neu-Isenburg	100	13	92
Lufthansa Asset Management GmbH, Frankfurt am Main	100	843	4,007
Lufthansa Asset Management Leasing GmbH, Frankfurt am Main	100	1	– <sup>3</sup>
Lufthansa Aviation Training Berlin GmbH, Berlin	100	1	8
Lufthansa Aviation Training Germany GmbH, Frankfurt am Main	100	24	24
Lufthansa Aviation Training GmbH, Hallbergmoos	100	– 3	112
Lufthansa Aviation Training Switzerland AG, Kloten, Switzerland	100	10	49
Lufthansa Bombardier Aviation Services GmbH, Schönefeld	51	– <sup>2.3</sup>	2 <sup>2</sup>
Lufthansa Cargo AG, Frankfurt am Main	100	134	269
Lufthansa CityLine GmbH, Munich Airport	100	– 48	20
Lufthansa Commercial Holding GmbH, Frankfurt	100	866	5,467
Lufthansa Global Business Services GmbH, Frankfurt am Main	100	– 1	– 9
Lufthansa Industry Solutions AS GmbH, Norderstedt	100	6	10
Lufthansa Industry Solutions BS GmbH, Raunheim	100	6	1
Lufthansa Industry Solutions GmbH & Co. KG., Norderstedt	100	11	32
Lufthansa Leasing Austria 1. Beteiligungs GmbH, Salzburg, Austria	100	4	4
Lufthansa Leasing Austria GmbH & Co. OG Nr. 10, Salzburg, Austria	100	41	49
Lufthansa Leasing Austria GmbH & Co. OG Nr. 12, Salzburg, Austria	100	29	35
Lufthansa Leasing Austria GmbH & Co. OG Nr. 14, Salzburg, Austria	100	49	62
Lufthansa Leasing Austria GmbH & Co. OG Nr. 15, Salzburg, Austria	100	17	25
Lufthansa Leasing Austria GmbH & Co. OG Nr. 16, Salzburg, Austria	100	11	27
Lufthansa Leasing Austria GmbH & Co. OG Nr. 17, Salzburg, Austria	100	12	16

Significant equity investments (cont'd)	Stake in %	Result Taxes in €m*	Shareholders' equity in €m*
Lufthansa Leasing Austria GmbH & Co. OG Nr. 18, Salzburg, Austria	100	6	15
Lufthansa Leasing Austria GmbH & Co. OG Nr. 19, Salzburg, Austria	100	15	16
Lufthansa Leasing Austria GmbH & Co. OG Nr. 20, Salzburg, Austria	100	13	17
Lufthansa Leasing Austria GmbH & Co. OG Nr. 21, Salzburg, Austria	100	31	44
Lufthansa Leasing Austria GmbH & Co. OG Nr. 22, Salzburg, Austria	100	13	125
Lufthansa Leasing Austria GmbH & Co. OG Nr. 23, Salzburg, Austria	100	37	124
Lufthansa Leasing Austria GmbH & Co. OG Nr. 24, Salzburg, Austria	100	5	83
Lufthansa Leasing Austria GmbH & Co. OG Nr. 25, Salzburg, Austria	100	2	79
Lufthansa Leasing Austria GmbH & Co. OG Nr. 26, Salzburg, Austria	100	9	243
Lufthansa Leasing Austria GmbH & Co. OG Nr. 27, Salzburg, Austria	100	6	39
Lufthansa Leasing Austria GmbH & Co. OG Nr. 28, Salzburg, Austria	100	33	294
Lufthansa Leasing Austria GmbH & Co. OG Nr. 29, Salzburg, Austria	100	– 6	56
Lufthansa Leasing Austria GmbH & Co. OG Nr. 30, Salzburg, Austria	100	– 17	32
Lufthansa Leasing Austria GmbH & Co. OG Nr. 31, Salzburg, Austria	100	2	28
Lufthansa Leasing Austria GmbH & Co. OG Nr. 32, Salzburg, Austria	100	9	130
Lufthansa Leasing Austria GmbH & Co. OG Nr. 33, Salzburg, Austria	100	19	69
Lufthansa Leasing Austria GmbH & Co. OG Nr. 34, Salzburg, Austria	100	– 1 <sup>1</sup>	– 1 <sup>1</sup>
Lufthansa Leasing Austria GmbH & Co. OG Nr. 35, Salzburg, Austria	100	– 1 <sup>1</sup>	– 1 <sup>1</sup>
Lufthansa Leasing Austria GmbH & Co. OG Nr. 36, Salzburg, Austria	100	– 1 <sup>1</sup>	– 1 <sup>1</sup>
Lufthansa Leasing Austria GmbH & Co. OG Nr. 37, Salzburg, Austria	100	– 1 <sup>1</sup>	– 1 <sup>1</sup>
Lufthansa Leasing Austria GmbH & Co. OG Nr. 38, Salzburg, Austria	100	– 1 <sup>1</sup>	– 1 <sup>1</sup>
Lufthansa Leasing Austria GmbH & Co. OG Nr. 39, Salzburg, Austria	100	– 1 <sup>1</sup>	– 1 <sup>1</sup>
Lufthansa Leasing Austria GmbH & Co. OG Nr. 50, Salzburg, Austria	100	25	63
Lufthansa Malta Aircraft Leasing Ltd, St. Julian's, Malta	100	127	1,521
Lufthansa Malta Blues LP, St. Julian's STJ 3140, Malta	100	– 3 <sup>3</sup>	– 562
Lufthansa Malta Corporate Finance Ltd., St. Julian's STJ, Malta	100	– 10	61
Lufthansa Malta Finance Holding Ltd., St. Julian's STJ, Malta	100	6	63
Lufthansa Malta Holding Ltd, St. Julian's STJ 3140, Malta	100	769	1,299
Lufthansa Malta Working Capital Solutions Limited, St. Julian's STJ, Malta	100	– 8	– 3 <sup>3</sup>
Lufthansa Process Management GmbH, Neu-Isenburg	100	1	– 0
Lufthansa Seeheim GmbH, Seeheim-Jugenheim	100	– 0	3
Lufthansa SICAV-FIS-Fonds, Saint-Josse-ten-Noode, Belgium	100	– 1 <sup>1</sup>	– 1 <sup>1</sup>
Lufthansa Systems Americas, Inc., Irving, USA	100	2	3
Lufthansa Systems GmbH & Co. KG, Raunheim	100	9	– 14
Lufthansa Technik AERO Alzey GmbH, Alzey	100	34	42
Lufthansa Technik AG, Hamburg	100	280	742
Lufthansa Technik Airmotive Ireland Holdings Ltd., Dublin, Ireland	100	– 3 <sup>3</sup>	157
Lufthansa Technik Airmotive Ireland Leasing Ltd., Dublin, Ireland	100	29	162
Lufthansa Technik Airmotive Ireland Ltd., Dublin, Ireland	100	– 0	– 6
Lufthansa Technik Budapest Repülógép Nagyjavító Kft., Budapest, Hungary	100	2	9
Lufthansa Technik Component Services LLC, Tulsa, Oklahoma, USA	100	2	8
Lufthansa Technik Immobilien- und Verwaltungsgesellschaft mbH, Hamburg	100	– 1	35
Lufthansa Technik Landing Gear Services UK Ltd., Kestrel Way, Hayes, United Kingdom	100	– 6	– 3

Significant equity investments (cont'd)	Stake in %	Result Taxes in €m*	Shareholders' equity in €m*
Lufthansa Technik Logistik GmbH, Hamburg	100	3	– 5
Lufthansa Technik Logistik Services GmbH, Hamburg	100	1	– 3
Lufthansa Technik Maintenance International GmbH, Frankfurt am Main	100	– 3	– 17
Lufthansa Technik Malta Limited, Luqa LQA 05, Malta	92	1	1
Lufthansa Technik North America Holding Corp., Tulsa, Oklahoma, USA	100	1	230
Lufthansa Technik Objekt- und Verwaltungsgesellschaft mbH, Hamburg	100	7	134
Lufthansa Technik Philippines, Inc., Manila, Philippines	51	17	35
Lufthansa Technik Puerto Rico LLC, San Juan, Puerto Rico	100	1	8
Lufthansa Technik Shannon Limited, Claire, Ireland	100	1	33
Lufthansa Technik Sofia OOD, Sofia, Bulgaria	75	2	13
MARDU Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	100	12	165
Miles & More GmbH, Neu-Isenburg	100	73	32
MIM IFE Limited, Dublin, Ireland	100	– 1	1
MUSA Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	100	4	36
Myanmar LSG Lufthansa Service Ltd., Yangon, Myanmar	100	2	7
N3 Engine Overhaul Services GmbH & Co. KG, Arnstadt	50	– 1	– 1
N3 Engine Overhaul Services GmbH & Co. KG, Arnstadt	50	13	52
Nanjing Lukou International Airport LSG Catering Co Ltd., Nanjing, China	40	1	4
Natal Catering Ltda., Natal, Brazil	70	– 3	– 3
Oakfield Farms Solutions Europe Ltd., West Drayton, United Kingdom	51	1	– 3
Oakfield Farms Solutions, L.L.C., Wilmington, Delaware, USA	100	3	9
ÖLB Österreichische Luftverkehrs-Beteiligungs GmbH, Vienna Airport, Austria	100	– 0	– 3
ÖLH Österreichische Luftverkehrs-Holding GmbH, Vienna Airport, Austria	100	– 5	170
ÖLP Österreichische Luftverkehrs-Privatstiftung, Vienna Airport, Austria	0	– 3	– 3
Quinto Grundstücksgesellschaft mbH & Co. oHG, Grünwald	100	3	81
Retail in Motion GmbH, Neu-Isenburg	100	5	9
Retail in Motion Latin America SpA, Santiago de Chile, Chile	100	– 2	– 2
Retail in Motion Limited, Dublin, Ireland	100	2	45
SC International Services, Inc., Wilmington, Delaware, USA	100	2	447
SCIS Air Security Corporation, Wilmington, Delaware, USA	100	11	15
ServCater Internacional Ltda., Guarulhos, Brazil	90	– 1	– 15
Shanghai Pudong International Airport Cargo Terminal Co. Ltd., Shanghai, China	29	– 1	– 1
Siam Flight Services Ltd., Bangkok, Thailand	49	1	2
Silver Wings Bulgaria OOD, Sofia, Bulgaria	0	1	6
Sky Chefs Argentine, Inc., Wilmington, Delaware, USA	100	– 1	– 1
Sky Chefs Chile SpA, Santiago de Chile, Chile	100	– 0	18
Sky Chefs De Mexico S.A. de C.V., Mexico City, Mexico	51	1	5
Sky Chefs de Panama S.A., Panama City, Panama	100	6	30
Sky Chefs Things Remembered Services FZE	51	– 0	– 1
Sky Chefs Things Remembered Services Limited, Lagos, Nigeria	51	– 0	– 3
Sky Chefs, Inc., Wilmington, Delaware, USA	100	125	– 141
SkylogistiX GmbH, Neu-Isenburg	51	– 3	– 3

Significant equity investments (cont'd)	Stake in %	Result Taxes in €m*	Shareholders' equity in €m*
SN Airholding SA/N.V., Brussels, Belgium	100	3	194
Spairliners GmbH, Hamburg	50	-- <sup>1</sup>	-- <sup>1</sup>
Spiriant Asia Pacific Limited, Hong Kong, China	100	-- <sup>3</sup>	1
Spiriant Bahrain Limited W.L.L., Manama, Bahrain	60	-- <sup>3</sup>	-- <sup>3</sup>
Spiriant GmbH, Neu-Isenburg	100	8	7
Starfood Finland Oy, Vantaa, Finland	100	- 1	- 0
Starfood S.r.l., Fiumicino, Italy	100	-- <sup>3</sup>	4
Supply Chain S.à r.l., Senningerberg, Luxembourg	100	7	13
Swiss Aviation Software AG, Basel, Switzerland	100	8	14
Swiss Global Air Lines AG, Basel, Switzerland	100	-- <sup>3</sup>	-- <sup>3</sup>
Swiss International Air Lines AG, Basel, Switzerland	100	357	1,738
Terminal 2 Gesellschaft mbH & Co oHG, Munich Airport	40	11	28
TGV DLH, Dusseldorf	100	21	1,805
time:matters GmbH, Neu-Isenburg	100	7	1
time:matters Holding GmbH, Neu-Isenburg	100	7	71
time:matters Spare Parts Logistics GmbH, Neu-Isenburg	100	2	11
Tolmachevo Catering OOO, Novosibirsk, Russia	26	-- <sup>2,3</sup>	-- <sup>2,3</sup>
Tyrolean Airways Luftfahrzeuge Technik GmbH, Innsbruck, Austria	100	- 0	5
Wenzhou Longwan International Airport LSG Sky Chefs Co Ltd, Wenzhou City, China	40	-- <sup>3</sup>	-- <sup>1</sup>
Western Aire Chef, Inc., Wilmington, Delaware, USA	100	3	2
XEOS Sp.z.o.o., Warsaw, Poland	51	74	- 11
Xian Eastern Air Catering Co. Ltd., Xian, China	30	1 <sup>2</sup>	2 <sup>2</sup>
Yunnan Eastern Air Catering Co. Ltd., Kunming, China	25	-- <sup>1</sup>	-- <sup>1</sup>
ZAO Aeromar, Moscow region, Russia	49	7 <sup>2</sup>	26 <sup>2</sup>
ZAO AeroMEAL, Yemelyanovo, Russia	100	-- <sup>3</sup>	1

\* IFRS disclosures

<sup>1</sup> No figures available

<sup>2</sup> Local law 2016

<sup>3</sup> < EUR 500k

<sup>4</sup> Management responsibility for this company lies with the LH Group

<sup>5</sup> 100 per cent of the equity stake and voting rights are attributed via a call option.

<sup>6</sup> 33.34 per cent of the equity stake and 50.01 per cent of voting rights are attributed via a call option.

<sup>7</sup> 50.20 per cent of equity and voting rights come from ÖLP.

<sup>8</sup> Control of ÖLP comes from the majority of voting rights on the board of directors.

<sup>9</sup> HGB figures

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