

Corporate strategy

FOCUS ON CORE BUSINESS

The Lufthansa Group has a broad base. It comprises airlines, Lufthansa Cargo and Lufthansa Technik, as well as a catering company, the LSG Group. In view of the growing challenges facing the Lufthansa Group, the decision has been made to sell the LSG Group. It is completely understandable that this strategically necessary decision has led to questions being raised in the public sphere and initially caused a good deal of worry amongst employees. The senior management are aware of this and are approaching the sale process with great care and with a clear sense of their responsibility.

Considerable demands are being placed on the Lufthansa Group in terms of its core business, the airlines. On its European routes, the company is facing tough competition from low-cost airlines that are pushing their way into the market extremely aggressively. The countless cases of insolvency among EU airlines in the past few years show how difficult this environment is. On long-haul routes, the Lufthansa Group is having to stand up to competitors who are in receipt of state subsidies and who are not subject to European tariffs or social standards.

Focus on sustainable flying

Set against this backdrop, the Lufthansa Group has decided to concentrate on flying in future. This means above all a further focus on investment in this segment. This will give us the scope to invest even more heavily than to date in fuel-efficient aircraft and thereby in climate-friendly mobility. This goal is in line with the political and societal expectations that are directed at the Lufthansa Group.

New impulses for the LSG Group

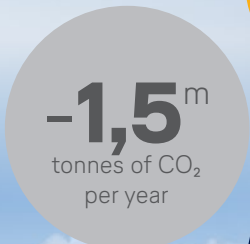
With an owner that defines catering as their core business and will make the corresponding investments, the LSG will gain the financial backing required to position itself in an

even better way in the future with innovative products to create an attractive, sustainable working environment. Right from the start of the negotiations, the Lufthansa Group have emphasized the fact that they will carry out an in-depth examination of the concepts of the bidders on the basis of qualitative criteria and have made it clear that they are looking for an owner for the LSG who has a long-term focus and who will offer both the company and the employees a future-proof business model.

Lufthansa is very satisfied with the LSG's quality and service and would like to continue their partnership with them into the future. In the negotiations on the sale of the European business of LSG which will first of all be conducted, a long-term catering contract is therefore a key component. Lufthansa and LSG will therefore continue to be closely linked. This will create perspectives for both sides for many years to come. Furthermore, since the beginning of the sale process, the management boards of the Lufthansa Group and LSG have been addressing the questions of employees at number of events and have been in dialogue with employee representatives. They will continue to be involved in the process.

HUGE INVESTMENT IN OUR CORE BUSINESS

At the beginning of March, the Lufthansa Group ordered 40 state-of-the-art long-haul aircraft. These aircraft alone will help to save 1.5 million tonnes of CO₂. Overall, there are more than 200 new aircraft on order. The company is investing around three billion euros a year in new aircraft.



* average kerosene savings compared with four-engine aircraft