Deutsche Lufthansa AG

Germany · Sample deep-research report

OVERALL ASSESSMENT

LOW · Score 84/100

Revenue [1] **€39.6bn** FY 2025, record	Adjusted EBIT margin [1] **4.9%** FY 2025 vs IAG 15.1%	Adjusted EBIT H1 [4] **€229m** H1 2026
Fleet [3] **737** 31 Dec 2025, avg. age 14.4 years	Liquidity [4] **€10.7bn** 30 Jun 2026	Strike cost [5] **c.€150m** Q2 2026 (FY 2024: ~€450m)

Summary

Lufthansa Group earned record revenue of €39.6bn in FY 2025, up 21% from €32.8bn in 2022, while adjusted EBIT margin moved between 4.4% and 7.6% over the period [1] [6] [8]. Its margin trails European peers: IAG reported 15.1% and Air France-KLM 6.1% for 2025 [12] [13]. H1 2026 produced an adjusted EBIT loss of €229m on fuel and strike costs, and FY 2026 guidance is €1.7bn to €2.2bn [4] [5]. Lufthansa Technik (€8.0bn revenue, ~75% external) and Lufthansa Cargo (9.5% margin) are the most stable earnings streams [2] [14]. Liquidity of €10.7bn and BBB-/Baa3 ratings support a low-risk verdict [4] [9]. The open items are the EU state-aid re-assessment and labour relations [5] [10]. Recommended engagement through the relevant subsidiary, with a formal qualification timeline.

Company profile · European network airline group

Deutsche Lufthansa AG is the listed holding of a group that combines five passenger airlines with a cargo airline and an MRO business. It employed 103,255 people at the end of 2025 and carried 135 million passengers on 1.01 million flights [1]. The fleet totalled 737 aircraft at 31 December 2025, with an average age of 14.4 years; 219 aircraft are on firm order for delivery from 2026 to 2032, with 182 options, and about 45 are due in 2026 [3].

The group is also trimming its regional operations: in Q2 2026 it removed CityLine flights from the schedule [5]. It is expanding in Italy: Lufthansa holds 41% of ITA Airways and has exercised its option to reach 90%, with closing expected in Q1 2027 [11].

Operator	Aircraft at 31 Dec 2025
Lufthansa Airlines (incl. regional, Germanwings, Discover)	387
SWISS (incl. Edelweiss)	116

Eurowings	98
Austrian Airlines	67
Brussels Airlines	47
Lufthansa Cargo	22
Total	737

Fleet by operator. Source: Annual report 2025, fleet [3]

Financial trajectory · Record revenue, thin margins

Revenue doubled in 2022 as traffic recovered and has grown each year since, reaching €39.6bn in 2025 [1] [8]. Profitability has not followed. Adjusted EBIT peaked at €2.68bn in 2023 (7.6% margin), fell to €1.65bn in 2024 when strikes cost about €450m and Lufthansa Airlines' earnings dropped by €948m, then recovered to €1.96bn in 2025 [6] [7] [1].

2026 has started below plan. H1 adjusted EBIT was €229m, the net result €542m, and FY guidance now spans €1.7bn to €2.2bn with net capex lowered to about €2.5bn [4]. Cash generation is the stabilising factor: adjusted free cash flow was €1.0bn in H1, in line with the prior year, and net debt including pensions stayed at €8.3bn [4] [5].

Metric	FY 2022	FY 2023	FY 2024	FY 2025	H1 2026
Revenue (€m)	32,770	35,442	37,581	39,597	19,887
Adjusted EBIT (€m)	1,509	2,682	1,645	1,960	229
Adjusted EBIT margin	4.6%	7.6%	4.4%	4.9%	1.1%
Net result (€m)	791	1,673	1,380	1,339	542
Adjusted free cash flow (€m)	2,500	1,846	840	1,188	1,015
Net indebtedness (€m)	6,900	5,682	5,744	6,406	6,697
Passengers (m)	102	122.5	131.3	135.0	60.7

FY 2022 figures rounded as published. Sources: [8] FY 2022, [6] FY 2023, [1] FY 2024 to 2025, [4] H1 2026

Segment breakdown · Technik and Cargo carry the margin

In FY 2025 the Passenger Airlines segment produced 73% of segment revenue but only a 3.6% adjusted EBIT margin [2]. Logistics earned 9.5% and MRO 7.5%, so the two smaller segments delivered €927m of the group's €1.96bn adjusted EBIT [2] [1].

Lufthansa Technik's revenue passed €8bn for the first time in 2025 (+12%), and about three quarters now comes from customers outside the group [14]. Its margin fell from 8.5% to 7.5% on US tariffs, material costs and a weaker dollar; the unit plans more than €2bn of investment over five years [14]. In H1 2026 MRO adjusted EBIT rose 2% to €315m and Logistics 47% to €199m, while Network Airlines lost €468m and Point-to-Point Airlines €252m under the new segment structure [4].

Segment	Revenue FY 2025 (€m)	Adj. EBIT FY 2025 (€m)	Margin	Adj. EBIT H1 2026 (€m)	H1 2025 (€m)

Passenger Airlines	30,576	1,087	3.6%	Network 468 / P2P 252	Network 113 / P2P 137
Logistics	3,403	324	9.5%	199	135
MRO	8,049	603	7.5%	315	310

Segment revenue includes intra-group sales. Sources: [2] [4]

Risk assessment · Verdict: low

VERDICT: LOW

Sanctions and compliance. No sanctions designations on the parent or main operating airlines. The US DOT fined Lufthansa $4m in October 2024 over the treatment of Jewish passengers in 2022, under a consent order [15].

State aid. The 2020 recapitalisation was repaid in 2021, but its approval has been annulled. The Court of Justice dismissed Lufthansa's appeal on 23 April 2026, and the Commission, which has been re-examining the measure since 2024, must now reach a new decision [10]. The financial consequence cannot be quantified from public sources.

Labour. Strikes cost about €450m in 2024 [7] and at least €150m in Q2 2026 [5]. The pilots' pension dispute and cabin-crew negotiations remained the main operational risk in 2026 [10].

Fuel. Additional fuel cost of about €750m in Q2 2026 drove the earnings decline [5].

Credit. BBB- at S&P, Fitch and Scope and Baa3 at Moody's, all stable; S&P affirmed in May 2026 after the ITA announcement [9]. Liquidity of €10.7bn [4] offsets the event risks above.

Market position · Largest by revenue, lowest margin of the big three

Lufthansa, IAG and Air France-KLM are the three large European network groups. Lufthansa has the highest revenue but converts the least of it into operating profit [1] [12] [13]. IAG's 2025 operating profit before exceptional items was €5.0bn on €33.2bn of revenue [12]; Air France-KLM reported a €2.0bn operating result on €33.0bn [13].

Two structural factors explain much of the gap. Lufthansa's home market is Germany, where airlines face high fees and taxes, a point Ryanair raised in the state-aid case [10]. Its labour costs and recurring strikes have weighed on Lufthansa Airlines, the core carrier [7]. Offsetting strengths are a multi-hub network (Frankfurt, Munich, Zurich, Vienna, Brussels), a large MRO business that peers lack at this scale, and a profitable cargo airline [2] [14]. The ITA majority will add Rome as a hub once closed [11].

Group (FY 2025)	Revenue (€bn)	Operating profit (€bn)	Margin	Metric
Lufthansa Group	39.6	1.96	4.9%	Adjusted EBIT
IAG	33.2	5.02	15.1%	Operating profit before exceptional items
Air France-KLM	33.0	2.00	6.1%	Operating result

Profit definitions differ by company. Sources: [1] [12] [13]

Cross-lane insights

- Earnings pressure meets a strong balance sheet. A €229m H1 [4] makes procurement cost-focused, while €10.7bn liquidity [4] keeps payment risk low. Suppliers can negotiate on payment terms and volume, less on price.

• Technik is the growth buyer. MRO revenue grew 12% in 2025 with more than €2bn of planned investment [14]; capacity and materials suppliers face a more receptive counterpart there than in the airlines.

• Labour risk travels through the supply chain. Strike days at Frankfurt and Munich [5] can disrupt deliveries and service windows; contracts need force-majeure and rescheduling language that covers customer-side industrial action.

• The state-aid file is a balance-sheet unknown, not an operating one [10]. It should be tracked at each quarterly review but does not affect day-to-day contracting.

• ITA integration will widen the procurement perimeter after Q1 2027 [11]; early relationships with group procurement may carry over to Rome.

Key questions

• Which entity is the counterparty: an airline, Lufthansa Technik, Lufthansa Cargo, or a group function?

• How does the 2026 capex cut to about €2.5bn [4] affect our category's budget and approval levels?

• What qualification process applies, including EASA approvals for technical categories, and how long does it typically take?

• Which Technik expansion projects (Portugal, Calgary, Tulsa) [14] have open sourcing needs?

• How will procurement for ITA Airways be integrated after closing [11]?

• What contingency arrangements does the counterparty use for strike days [5]?

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