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# WOLFGANG MAYRHUBER



Andreas Pohlmann/Lufthansa

Since Mayrhuber took over as CEO, Lufthansa has piled up operating profits of €3.2 billion

On the surface it doesn't seem like Lufthansa has changed in the five years since Wolfgang Mayrhuber took over as chief executive. Lufthansa was then and is still now a highly profitable founding member of the Star Alliance that dominates the German market. But in the last five years Mayrhuber has come up with his own innovative strategy that takes Lufthansa well beyond its conservative German roots.

In 2005, Mayrhuber led the bold acquisition of Swiss International Airlines, a loss-making flag carrier which Lufthansa has since turned into a profitable subsidiary. Late last year Mayrhuber took his strategy of investing in foreign carriers a step further by acquiring a 19% stake in JetBlue. Lufthansa has not been shy about investing in the low-cost sector and already owns a 49% stake in germanwings, which with Mayrhuber's support is now preparing to merge with TUIfly.

Mayrhuber also oversaw the 2005 launch of Lufthansa's innovative private jet service, which has since been copied by other European carriers. Lufthansa Private Jet has been so successful the carrier early this year began acquiring its own fleet of business jets, replacing the small aircraft initially supplied by NetJets.

Lufthansa Private Jet and the expansion of an all-business service Lufthansa offers on select long-haul routes using aircraft supplied by PrivatAir are part of a strategy Mayrhuber has initiated to focus on high-yield passengers. Under Mayrhuber, the carrier has introduced new lie-flat seats, opened first class terminals at its Frankfurt and Munich hubs and launched a new tier to its innovative frequent flier programme to better reward its best premium customers. "I didn't want to have a mainstream product only," Mayrhuber explains. "I thought we had to differentiate our premium products, our first class service. We had to make sure we have differentiation on the ground also. And at the end we also had to give those that only want to be budget travellers a very fair price."

By continually investing in its in-flight product rather than following other major carriers in cutting service and first class cabins, Lufthansa has increased loyalty among frequent business travellers. This along with ambitious expansion of its long-haul route network has allowed Lufthansa to keep up with fast growing Gulf carriers. It has also



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helped keep Lufthansa in the black with higher operating profits posted every year since Mayrhuber became chief executive.

Mayrhuber has also made alliances a strong priority. Not only has he led recruitment efforts for Star, acting as a sponsor for several new Star members, over the last year Lufthansa has signed codeshare pacts with five additional non-aligned carriers.

Mayrhuber has indicated he may retire after his contract expires at the end of 2010, but the Airline Strategy Awards judges believe he has already left his mark on Lufthansa. They singled him out for his "very clear recognition of segmentation in the market" and for "placing Lufthansa well for the future".

One judge remarked: "Mayrhuber has shown really thoughtful strategic leadership for a long time. I give Lufthansa a lot of credit for the way the executive team has managed a diverse business from taking advantage of the private jet trend to alliances and its future relationship with JetBlue."

Mayrhuber, however, is modest and says his vision has not yet been fulfilled: "We've done a couple of steps but there are ideas to grow the company [further], to be even more deliberate with our customers because at the end of the day they want to have choices."

**BRENDAN SOBIE**

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