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SWISS reaches cruising altitude

Swiss International Air Lines (Group) improved its earnings before interest and taxes (EBIT) to CHF 571 million for the 2007 business year. The EBIT result is more than double the CHF 231 million achieved for 2006.

SWISS generated total income from operating activities of CHF 4 895 million in 2007, a 17.9% increase on the CHF 4 153 million of the prior year. Earnings before interest and taxes (EBIT) amounted to CHF 571 million (prior year: CHF 231 million). SWISS took full advantage of the generally favourable economic conditions in 2007 to achieve growth for the year that was substantially stronger than that of the market as a whole. Total operating income for the last quarter of 2007 stood at CHF 1 305 million (prior-year period: CHF 1 079 million), and fourth-quarter EBIT was raised from the CHF 32 million of 2006 to CHF 96 million.

“SWISS reached its cruising altitude in 2007 and continued its course of profitable organic growth that is carefully tailored to market demand,” says company CEO Christoph Franz. “This encouraging business performance is attributable primarily to our high revenue levels, from both our passenger transport activities and our Swiss WorldCargo operations.”

“Our company has secured its competitive position,” Franz continues. “Our business is now on a stable footing with an improved cost base. Working from these foundations, our own endeavours to enhance our revenue flows were sustainably supported by the favourable economic environment, by the synergies deriving from our integration into the Lufthansa Group and by our membership of Star Alliance.”

Key figures from the income statement

in CHF million	Full year		4 th quarter		Full year
	2007	2006	2007	2006	2007 vs. 2006
Total income from operating activities	4 895	4 153	1 305	1 079	+17.9%
Earnings before interest and taxes (EBIT)	571	231	96	32	+147.2%

“With Lufthansa’s support, SWISS is steadily creating the basis for investing in its fleet, its network and its ground service product from its own resources,” adds Chief Financial Officer Marcel Klaus. “This is essential to ensure our further sustainable development and enhance our earnings power. Our company today is sound to the core. And this is why, despite the present record fuel prices, the well-known uncertainties on the international finance markets, the continued growth in market overcapacity and the stronger competitive pressures this produces, SWISS can look ahead with optimism and confidence. We are also carefully monitoring the market situation, and we continue to keep a firm and careful grip on our own cost position.”

The 13.1% increase in SWISS’s available seat-kilometre capacity for 2007 was fully absorbed by market demand. Indeed, the systemwide seat load factor of 80.2% for the year was a 0.4-percentage-point improvement on 2006, and was also above those achieved by most other European air carriers.

Traffic figures

	Full year		4 th quarter		Full year
	2007	2006	2007	2006	2007 vs. 2006
Seat load factor for European services	71.8%	71.3%	69.9%	70.8%	+0.5 points
Seat load factor for intercontinental services	84.3%	83.8%	84.0%	83.6%	+0.5 points
Seat load factor systemwide	80.2%	79.8%	79.6%	79.6%	+0.4 points

SWISS carried 12.2 million passengers in 2007, 13.2% more than the previous year. Seat load factor for the year was an improvement on 2006 on both intercontinental services (up 0.5 percentage points to 84.3%) and the European network (up 0.5 percentage points to 71.8%). The airfreight business of Swiss WorldCargo also

showed broadly positive trends in a challenging market environment: despite a sizeable increase in available cargo capacity, the unit's cargo load factor by volume remained at a high 84.6% (prior year: 85.5%).

Personnel

SWISS created just under 700 new jobs (in full-time-equivalent or FTE terms) in the course of 2007, an average of around 60 new positions every month. At the end of the year, the SWISS workforce numbered 6 022 FTEs, 684 or 12.8% more than at the end of 2006. The 6 022 FTE positions were shared among 7 277 employees (compared to 6 441 employees at the end of the previous year).

"We are delighted that SWISS is creating hundreds of attractive new jobs," says Head of Human Resources Antonio Schulthess. "With the professionalism and the commitment that they show day after day, our people are crucial to our company's success. And we aim to create several hundred more new jobs in 2008, too."

Further news and developments

SWISS further pursued the quality drive launched in 2005 in the air and on the ground throughout the latest business year. And the company continues to invest in its products and its service quality.

Product investments: SWISS initiated its present quality drive back in 2005 with the provision of new seats for its European Airbus fleet. The re-seating was extended to the company's smaller Avro RJ regional aircraft in 2007. In a further fleet development, SWISS announced in September 2007 that it would be spending over CHF 1 billion renewing and expanding its aircraft fleet. The replacement of nine Airbus A330-200s with the larger A330-300 from 2009 onwards will enable the company to share in the present market growth. Once the A330 fleet renewal is completed, SWISS will offer a First Class cabin on all its long-haul flights, further cementing its position as a top quality airline. The new Airbus A330-300s will have a state-of-the-art inflight product in all three seating classes. SWISS's European fleet is also to be enlarged through the addition of two further Airbus A320s.

SWISS is investing substantially in its ground product, too. The airline launched its new three-class airport lounge concept with the opening of its new Business Class Lounge in Geneva in May 2007. In future, SWISS will offer a Business Class Lounge, a SWISS Senator Lounge and a First Class Lounge at Zurich and Geneva airports. New lounges are already open to customers in Geneva and New York; and Zurich's First Class travellers have been enjoying their new lounge facilities since December 2007. SWISS customers will have the new lounges available for their use at all three airports by the beginning of this June's European football championships, of which Switzerland is co-host.

Network expansion: Having introduced a new daily flight between Zurich and Delhi in November 2007, SWISS will be adding a further new intercontinental route on May 9, 2008 when Shanghai receives daily service to and from Zurich. SWISS's European network also continues to expand. The latest highlights here include new daily services from Zurich to St. Petersburg and Sofia from the end of March 2008 and the provision of three daily frequencies between Zurich and Florence. Services have also been increased for SWISS's Geneva and Basel-based networks.

Company news: Lufthansa concluded the transaction to formally assimilate SWISS on July 1, 2007, and now holds all the company's shares via the Swiss-domiciled AirTrust AG. SWISS remains a joint-stock company under Swiss law with its registered office and its Management Board in Switzerland. SWISS's favourable business performance for 2007 is founded on the company's successful assimilation into the Lufthansa Group and the outstanding team effort of all its employees. It is a success that benefits everyone: customers, the company, its employees and its Swiss operating location, particularly its Zurich hub.

SWISS announced on August 23, 2007 that it had increased its holding in Swiss Aviation Training (SAT) to 100%. SAT had previously been a 50/50 joint venture with a further business partner. The training of its flying personnel is one of SWISS's key strategic concerns.

SWISS is to acquire leisure airline Edelweiss Air as part of a broader strategic partnership with Kuoni, Switzerland's biggest tour operator. Subject to the approval of the relevant authorities, Edelweiss Air should join the SWISS Group, within which it will be operated as a separate airline, at the end of October 2008.

This media release is also available on our swiss.com website under "About SWISS > Financial information".

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