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Media release on 2010  
third-quarter results



Heathrow Airport, 28 October 2010

## SWISS reports a strong third quarter

Swiss International Air Lines (Group) achieved an operating profit of CHF 232 million for the first nine months of 2010, which compares to an operating profit of CHF 113 million for the same period last year. Total income from operating activities amounted to CHF 3 530 million, a 9% improvement on the CHF 3 236 million of the prior-year period. SWISS followed its CHF 61 million operating profit for the first half-year with one of CHF 171 million for the July-to-September period (compared to CHF 47 million for the third quarter of 2009). The airfreight activities of its Swiss WorldCargo business unit showed further positive trends.

"As these favourable figures confirm, our sector is seeing a sustainable market recovery, our own cost base is healthy and we are delivering a strong performance within our company," says SWISS CEO Harry Hohmeister. "I am particularly pleased that we have managed to achieve these encouraging results despite numerous negative factors," he continues. These include Iceland's volcanic ash cloud and the resulting airspace closures, which depressed results by more than CHF 30 million, and the relatively higher fuel prices (compared to 2009), whose additional net costs of around CHF 150 million further eroded profits for the period. The strength of the Swiss franc has put further pressure on SWISS's year-to-date results.

A key factor in the present success has been the tangible recovery in demand, and in particular strong sales in SWISS's home Swiss market. Results have been further buoyed by the continuing upward trends on the intercontinental network and in the airfreight sector, where third-quarter capacities were more than 10% above their prior-year levels.

SWISS's long-haul services are also seeing many customers returning to the Business and First Class cabins. "In Europe, by contrast, we have yet to detect any signs of this structural recovery," Hohmeister concedes. Yields – average revenues per passenger – have not yet fully recovered from the financial and economic crisis and remain under sizeable pressure, especially in Europe.

In view of the year's quarterly results to date, current booking levels and the company's rigorous cost management, Hohmeister is keeping to his projection for 2010 as a whole: "We expect to post a bottom-line result for the year that is a substantial improvement on 2009."

At the same time, SWISS's management still sees considerable volatility in the overall industry environment. "This is why it is so vital that we maintain our cost discipline and our flexibility," adds Chief Financial Officer Marcel Klaus, "to enable us to respond as swiftly as possible to further swings in demand."

Gregor Koncilja, UK and Ireland Country Manager for SWISS, explained how the U.K. market has contributed to this positive quarter. "The U.K. market continues to perform well for SWISS this quarter as it has done throughout 2010. The results are indicative of loyalty and increasing demand from our customers. As well as a strong offering for passengers travelling from London, including the Heathrow – Geneva route, launched this year, we have also expanded our regional offerings in Manchester and Birmingham. Furthermore our new Zurich – San Francisco route with excellent connections from the UK is doing very well, and we plan on building on this in 2011."

Continues Koncilja, "SWISS have won a variety of awards this year to reflect customer satisfaction, including ranking No.1 in the Which? Airline Satisfaction Survey, 2010 and Best Short – Haul Airline at The Guardian and Observer Travel Awards 2010. We are delighted our customers are so happy with our service, and hope the newly announced winter schedule will prove popular as well."

The profits achieved are also permitting SWISS to ensure its future growth. The carrier will be further expanding its aircraft fleet from 2012 onwards, adding five more Airbus A330-300s, two A320s and two A321s. The new equipment will be primarily deployed to intensify services on existing routes; but in a second step, SWISS aims to add further destinations to its present network.

SWISS currently has a total of 45 aircraft on order, representing an investment of some CHF 2.5 billion. The planned expansion will also generate over 600 new jobs at the company, and twice as many again at related operations. SWISS's further fleet expansion will thus create around 2 000 new jobs within the Swiss economy.

#### Key figures from the income statement

in CHF million	1st - 3rd quarter		1st - 3rd quarter	3rd quarter		3rd quarter
	2010	2009	2010 vs. 2009	2010	2009	2010 vs. 2009
Total income from operating activities	3 530	3 236	+ 9.1%	1 285	1 118	+ 15%
Operating result	232	113	+ 105%	171	47	+ 363%

SWISS continues to make selective adjustments to its capacities in response to market demand. Third-quarter capacity on the European network was a 4.7% increase on its prior-year equivalent, while capacity on intercontinental routes was 11.1% higher than in the same period last year. As a result, systemwide third-quarter capacity represented an 8.8% increase on the third quarter of 2009.

#### Traffic figures

SWISS posted a systemwide seat load factor of 82.3% for the first nine months of 2010, a 3.1-percentage-point improvement on the prior-year period. While European seat load factor remained broadly unchanged at 73.7%, seat load factor for intercontinental services saw a further substantial rise of 5.2 percentage points to 86.8%. SWISS operated 105 757 flights in the period, 4% more than the 101 689 of January-to-September 2009. Total passengers carried rose 3% over the same period, from the 10.26 million of 2009 to 10.56 million.

A total of 3.92 million customers travelled with SWISS in the third quarter of 2010, 4.7% more than the 3.74 million of the prior-year period. Systemwide seat load factor for the quarter stood at a highly encouraging 86.2%, an improvement of 0.4 percentage points.

	1st - 3rd quarter		1st - 3rd quarter	3rd quarter		3rd quarter
	2010	2009	2010 vs. 2009	2010	2009	2010 vs. 2009
Seat load factor for European services	73.7%	74.5%	- 0.8 points	78.9%	79.6%	- 0.7 points
Seat load factor for intercontinental services	86.8%	81.6%	+ 5.2 points	89.9%	89.2%	+ 0.7 points
Seat load factor systemwide	82.3%	79.2%	+ 3.1 points	86.2%	85.8%	+ 0.4 points

The business of Swiss WorldCargo saw a sizeable improvement in its load factor (by volume) for the first nine months. The 80.4% recorded was a 13.4-percentage-point increase on the 67.0% of the prior-year period.

SWISS's cargo business continued to develop favourably throughout the third quarter, though somewhat less strongly than it had in the first half of the year. Cargo load factor (by volume) for the period amounted to 77.9% (compared to 70.1% for July-to-September 2009).

#### Personnel

SWISS remains a key generator of business and jobs. The further fleet expansion from 2012 will create some 600 new positions at the company alone, and will also generate new jobs indirectly at suppliers and within the tourism sector. All in all, up to 2 000 new jobs should be created by the expansion within the Swiss economy. The company expects to recruit over 500 new personnel this year, predominantly for its flying crew corps. At the end of September 2010 SWISS employed 6 146 staff around the world in full-time-equivalent terms (31.12.2009: 5 945). The positions were distributed among 7 529 employees (31.12.2009: 7 342).

#### Further company news

**Fleet investments:** SWISS continues to steadily expand its aircraft fleet. A total of ten Airbus A330-300s will have been acquired to renew the present fleet by January 2011; and a further A321 and three A320s will be added by spring 2012. The expansion planned from 2012 on will see the addition of five more A330-300s, two

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A320s and two A321s, with a total list price of CHF 1 billion. And from 2014, SWISS will gradually replace its current Avro RJ regional fleet with quieter and ecofriendly jets of the newly-developed Bombardier CSeries.

**Product investments:** The entire SWISS long-haul fleet will be equipped with the state-of-the-art Business Class cabin by mid-2011. The new First Class cabin will also be installed in the company's Airbus A330-300s. SWISS is investing in its Economy Class product, too. Innovations here include freshly-made sandwiches on European routes (since the beginning of October) and new products and packaging on intercontinental flights.

**High punctuality:** Despite greater traffic volumes and the heavier demands on the airspace available, SWISS continues to achieve record punctuality levels. 82.4% of all SWISS flights left within the permitted 15 minutes of their scheduled departure time in the third quarter of 2010 (compared to 85.7% for the prior-year period).

**Network news:** SWISS is constantly reappraising its network and modifying production in response to current circumstances and demand. Service from Zurich will be further expanded from 17 December with the addition of one new daily flight each to Stockholm, Valencia and Belgrade. A new twice-daily Geneva-Madrid service will be added on the same date, along with a further daily Geneva-Barcelona flight. SWISS has also been serving San Francisco non-stop from Zurich six times a week since early June. This latest intercontinental route is enjoying high load factors that have exceeded expectations. European capacity for 2010 as a whole is expected to be 3% above its 2009 level, while intercontinental routes should see a 5% capacity increase.

**100 million passengers:** SWISS has now carried its hundred-millionth passenger since the company was established. The milestone was achieved on Tuesday 19 October.

This media release is also available online at SWISS.COM under "About SWISS > Financial information".

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