



SWISS posts a black-ink first-quarter result

Swiss International Air Lines (Group) achieved earnings before interest and taxes (EBIT) of CHF 23 million for the first quarter of 2006. The positive operating result compares to a negative EBIT of CHF 10 million for the same period last year. SWISS also reports a consolidated net profit of CHF 4 million for the first three months of 2006 (prior-year period: net loss of CHF 44 million).

SWISS increased total income from operating activities for the first three months of the year to CHF 929 million in 2006, an 8.9% increase on the CHF 853 million of the prior-year period. The company reported earnings before interest and taxes (EBIT) of CHF 23 million for the period (prior year: minus CHF 10 million, including non-recurring income of CHF 43 million from the transfer of slots at London Heathrow to British Airways). Fuel prices, which had risen further from their prior-year levels, eroded an additional CHF 52 million from the EBIT result for the period. The US dollar, which was slightly weaker against the Swiss Franc at the end of the first quarter of 2006 than it had been at the end of 2005, had a positive impact on the net result: the revaluation of US dollar-denominated debt resulted in positive currency exchange value adjustments (non-cash book gains) of CHF 7 million for the quarter. SWISS achieved a consolidated net profit of CHF 4 million for the first quarter of 2006, compared to a net loss of CHF 44 million for the prior-year quarter. Excluding currency related book gains, SWISS would have reported a net loss of CHF 3 million for the period.

Key figures from the income statement

in CHF million	1st quarter		1.1 to 31.3
	2006	2005	2006 vs. 2005
Total income from operating activities	929	853	+ 8.9%
Earnings before interest and taxes (EBIT) before restructuring costs	23	- 10	-
Restructuring costs	0	- 6	-
Profit/loss for the period	4	- 44	-

“SWISS substantially raised its revenues and its EBIT in the first quarter of 2006, a period which is traditionally weak in traffic and revenue terms,” says Christoph Franz, President & Chief Executive Officer. “This result – which was achieved in an environment marked by record fuel prices and a further intensification of the competition we face – confirms the correctness of the road we have taken. Our actions to consolidate our market position and enhance our cost structure are having their effect. SWISS is on course,” Franz continues. “We now have to maintain that course and secure further cost reductions and efficiency gains, to achieve our goal of sustainable profitability. Bringing those collective labour agreement negotiations which are still ongoing to a successful conclusion is part and parcel of those endeavours. We must achieve an EBIT margin of at least five to eight per cent in order to finance future investments in our fleet and our product from our own funds, and give ourselves the prospect of future business growth.”

Cash and cash equivalents trends

in CHF million	As of		Change over end of 2005
	31.3.06	31.12.05	
Cash and cash equivalents	632	558	+ 13.3%

SWISS held cash and cash equivalents of CHF 632 million on March 31, 2006. Cash and cash equivalents had stood at CHF 558 million at the end of 2005. In addition to positive operating cash flow trends, a cash inflow of some CHF 65 million derived from the refinancing of part of the Airbus A340 fleet. SWISS had an additional CHF 230 million in liquid funds available from existing banking credit facilities on March 31, 2006.

Traffic figures

	1 st quarter		1.1 to 31.12 2006 vs. 2005
	2006	2005	
Seat load factor for European services	61.1%	58.7%	+ 2.4 points
Seat load factor for intercontinental services	80.6%	81.6%	- 1.0 points
Seat load factor systemwide	74.4%	74.2%	+ 0.2 points

SWISS maintained its seat load factors at prior-year levels in the first quarter of 2006. Systemwide seat load factor amounted to 74.4%. The 0.2-percentage-point increase over January-to-March 2005 is all the more encouraging given the fact that the high-volume Easter period fell in April in 2006, but had fallen in March the previous year. First-quarter intercontinental seat load factor slipped slightly by 1.0 percentage points, but remained high at 80.6%. Seat load factor for European services rose 2.4 percentage points to 61.1%. SWISS carried around 2.2 million passengers in the first quarter of 2006, a 1.9% increase on the prior-year period.

Our employees

	1 st quarter		1.1 to 31.12 2006 vs. 2005
	2006	2005	
Average number of employees (full-time equivalents)	6 014	6 513	- 7.7%

SWISS employed an average of 6 014 employees (in full-time equivalents) in the first quarter of 2006, a decline of 499 positions from the 6 513 of the prior-year period. The total workforce on March 31, 2006 amounted to 6 028 full-time equivalents, 66 fewer than at the end of 2005. The 6 028 full-time positions are shared by 7 151 employees worldwide.

The SWISS Board of Directors has resolved to continue to publish the company's key financial figures, even though this is no longer required under stock exchange rules following the delisting of SWISS's shares from the SWX Swiss Exchange on January 27, 2006. The published figures are intended to help monitor SWISS's financial performance as an autonomous airline within the Lufthansa Group.

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

SWISS Corporate Communications

Phone: +41 (0)848 773 773

Fax: +41 (0)44 564 2127

E-mail: communications@swiss.com

Internet: www.swiss.com