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## SWISS posts its first-ever black-ink results

**Swiss International Air Lines (Group) improved its earnings before interest and taxes (EBIT) to CHF 231 million for the 2006 business year (prior year: minus CHF 14 million). Consolidated net profit for the year amounted to CHF 263 million, which compares to a net loss of CHF 178 million for 2005. For the fourth quarter of 2006, SWISS reported an EBIT of CHF 32 million, having sustained a negative EBIT of CHF 38 million for the prior-year period.**

SWISS generated total income from operating activities of CHF 4 153 million in 2006, an 11.3% improvement on the CHF 3 732 million of the prior year. Earnings before interest and taxes (EBIT) totalled CHF 231 million (prior year: minus CHF 14 million). Net profit for the year amounted to CHF 263 million (compared to a net loss of CHF 178 million for 2005). SWISS maintained its revenue and earnings growth in the fourth quarter of 2006. Total income from operating activities for October to December amounted to CHF 1 098 million (prior-year period: CHF 998 million), while EBIT for the quarter totalled CHF 32 million (prior-year period: minus CHF 38 million). With economic conditions remaining favourable, SWISS thus posted both higher revenues and an operating profit in every quarter of 2006.

“SWISS achieved its turnaround and began to climb in 2006,” says CEO Christoph Franz, commenting on the results. “We made further progress in improving our cost base. But this is still not sufficiently competitive yet. The cost and revenue synergies deriving from our integration into the Lufthansa Group account for about half of our operating result. And the currently positive economic environment is giving us additional lift.”

“We are now in a position to take advantage of opportunities for growth and invest in our product,” Franz continues. “And we are particularly pleased to be creating new jobs: our fleet expansion is adding around 600 people to our personnel ranks. Our declared goal, however, remains an average EBIT margin of between 5 and 8 per cent over the economic cycle of several years. We’re still a fair way from that; and it’s only when we get there that we will have reached our required cruising altitude.”

### Key figures from the income statement

in CHF million	1 <sup>st</sup> -4 <sup>th</sup> quarter		4 <sup>th</sup> Quartal		1.1. bis 31.12.
	2006	2005	2006	2005	2006 vs. 2005
Total income from operating activities	4 153	3 732	1 079	965	+11.3 %
EBIT before restructuring costs	231	-14	32	-38	
Restructuring costs	0	-41	0	-31	
Profit/loss for the period	263	-178	89	-97	

High load factors and slightly higher yields (revenue per passenger-kilometre) are behind the substantial increase in operating income for the year. SWISS also enhanced its productivity and secured new contractual terms with key suppliers: the fourth quarter, for example, saw the conclusion of a new agreement with Swissport covering ground handling services in Switzerland.

2006 also brought the successful conclusion of the corporate restructuring programme initiated at the beginning of 2005. This had seen new terms of employment agreed with all personnel groups which pay due regard to the intensified competitive environment and will make a solid contribution to sustainable growth. New collective labour agreements were concluded with the company’s cabin crew and Airbus pilot corps in the course of the year.

A revaluation of assets and liabilities in various foreign currencies resulted in positive currency-exchange value adjustments (non-cash book gains) of CHF 30 million in 2006. These compare to non-cash book losses of CHF 47 million for the prior year.

The price of jet fuel showed a slight decline in the fourth quarter of 2006, the first such fall for several years. Further fuel price trends remain uncertain, however. In 2006 as a whole, the higher price of kerosene added CHF 122 million to expenditure for the year. With competition still intense, the additional fuel costs could only be partly recouped by adding fuel surcharges to ticket prices.

### Cash and cash equivalents trends

in CHF million	As of		Change over
	31.12.06	31.12.05	31.12. 2005
Cash and cash equivalents	922	558	+65.2 %

SWISS held cash and cash equivalents of CHF 922 million on December 31, 2006. Cash and cash equivalents had stood at CHF 558 million at the end of 2005. The positive trend in operating cash flow enabled outstanding liabilities to be repaid. At year-end, SWISS had an additional CHF 298 million in liquid funds available from existing banking credit facilities.

### Traffic figures

	1 <sup>st</sup> -4 <sup>th</sup> quarter		4 <sup>th</sup> Quartal		1.1. bis 31.12.
	2006	2005	2006	2005	2006 vs. 2005
Seat load factor for European services	71.3 %	65.9 %	70.8 %	63.1 %	+5.4 points
Seat load factor for intercontinental services	83.8 %	84.0 %	83.6 %	81.0 %	-0.2 points
Seat load factor systemwide	79.8 %	78.1 %	79.6 %	75.3 %	+1.7 points

The additional capacity offered in 2006 (up 5.7% year-on-year in available-seat-kilometre terms) was more than absorbed by market demand. Systemwide seat load factor rose accordingly, increasing 1.7 percentage points to 79.8%. Seat load factor on intercontinental routes remained largely stable at 83.8% (prior year: 84.0%). Seat load factor for European services was increased by a substantial 5.4 percentage points to 71.3%. SWISS carried 10.5 million people on its scheduled services in 2006 (9.9% up on the prior year). Systemwide seat load factor for the fourth quarter of the year stood at 79.6% (up 4.3 percentage points on the prior-year period). Swiss WorldCargo's airfreight business remained stable in 2006. Cargo load factor for the year (by volume) amounted to 85.5% (prior year: 86.5%).

### Personnel numbers

	1 <sup>st</sup> -4 <sup>th</sup> quarter		4 <sup>th</sup> Quartal		1.1. bis 31.12.
	2006	2005	2006	2005	2006 vs. 2005
Average number of employees (full-time equivalents)	5 532	6 382	5 334	6 190	-13.3 %

An average of 5 532 persons (in full-time equivalents) were employed by SWISS in 2006, a further decline on prior-year levels. With numerous new recruits to the flying crew corps, average personnel numbers largely levelled off in the fourth-quarter period. SWISS had a total workforce of 5 338 full-time positions at the end of the year (compared to 6 094 at the end of 2005), which are shared by 6 441 employees.

SWISS moved into a new phase of demand-driven growth in the course of 2006. Two additional Airbus A330 long-haul aircraft and one more Airbus A320 for European routes entered service in the fourth-quarter period.

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

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