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SWISS remains on course in the first quarter of 2007

Swiss International Air Lines (Group) generated earnings before interest and taxes (EBIT) of CHF 122 million in the first quarter of 2007. The result compares to an EBIT of CHF 23 million for the same period a year ago. Consolidated net profit for the first quarter of 2007 amounted to CHF 118 million (compared to CHF 4 million for the prior-year period).

In a positive overall economic climate, Swiss International Air Lines (Group) achieved substantial increases in both revenue and earnings for the first quarter of 2007. Total income from operating activities amounted to CHF 1 088 million, 17.1% up on the CHF 929 million of the prior-year period. Earnings before interest and taxes (EBIT) totalled CHF 122 million (compared to CHF 23 million for the first quarter of 2006), while net profit for the period amounted to CHF 118 million (compared to CHF 4 million for the same period a year ago).

"SWISS took full advantage of the favourable economic conditions in the first three months of 2007 to further enhance its performance and seamlessly continue last year's positive business trends," says CEO Christoph Franz. "Both our passenger operations and our Swiss WorldCargo business unit contributed to these results, which were further buoyed by the synergies deriving from SWISS's integration into the Lufthansa Group."

"Our first-quarter capacity was 16 per cent up on the same period last year, an increase that was fully absorbed by market demand," Franz continues. "And in terms of our requisite EBIT margin of five to eight per cent over the multi-year economic cycle, SWISS was firmly on course in the first three months of 2007."

"Results of this kind are encouraging," Franz added. "But they are also essential, given the background of sound economic growth against which they were achieved, if we are to remain successful in our markets in the longer term. Having said that, we are particularly pleased that SWISS is now growing and investing in its aircraft fleet, and can create hundreds of new jobs as a result."

Key figures from the income statement

in CHF million	1 st quarter		1 st quarter
	2007	2006	2007 vs. 2006
Total income from operating activities	1 088	929	+17.1%
Earnings before interest and taxes (EBIT)	122	23	-
Profit/loss for the period	118	4	-

The provision of additional capacity, together with a rise in overall load factor and stable developments in yields (average revenue per passenger-kilometre), helped effect a substantial increase in operating income for the quarter. Having achieved its turnaround in 2006, SWISS is now focusing on continuously enhancing its processes and further improving productivity. The competitive pressures have been increasing steadily for years in the European air transport sector. And competition is now likely to intensify substantially in the long-haul segment, too. In view of these trends, SWISS will need to further reduce its unit costs; and various companywide projects are already under way to this end. SWISS is well on track in all these endeavours – as is evidenced, for example, by the Mercury Award it earned in the "Innovation" category last autumn from the renowned International Travel Catering Association for its enhancements to its cabin service processes.

A revaluation of assets and liabilities in various foreign currencies resulted in negative currency-exchange value adjustments (non-cash book losses) of CHF 2 million for the first quarter of 2007. These compare to non-cash book gains of CHF 7 million for the prior-year period.

Having fallen slightly in the fourth quarter of 2006 and at the beginning of the first quarter of 2007, fuel prices rose tangibly again in February and March. Average first-quarter fuel costs were in line with the high levels seen for the same period last year. Future fuel price trends remain difficult to predict.

Liquidity trends

in CHF million	As of		Change over
	31.03.07	31.12.06	31.12.06
Cash and cash equivalents	894	922	-3.0%
Fixed-term deposits	182	2	-
Liquid funds	1 076	924	+16.5%

SWISS held cash and cash equivalents of CHF 894 million on March 31, 2007, together with fixed-term deposits with maturities of between three and twelve months of CHF 182 million (a CHF 180 million increase on the end of 2006). SWISS had an additional CHF 298 million in liquid funds available from existing banking credit facilities on March 31, 2007.

Traffic figures

	1 st quarter		1 st quarter
	2007	2006	2007 vs. 2006
Seat load factor for European services	66.2%	61.1%	+5.1 points
Seat load factor for intercontinental services	81.9%	80.6%	+1.3 points
Seat load factor systemwide	76.9%	74.4%	+2.5 points

SWISS saw its additional capacity for the first quarter of 2007 (up 15.8% on the prior-year period in available seat-kilometre terms) fully absorbed by market demand. Indeed, the 76.9% systemwide seat load factor for the period was a 2.5-percentage-point improvement on the first quarter of the previous year. First-quarter seat load factor for intercontinental services rose 1.3 percentage points to 81.9%; and the 66.2% first-quarter seat load factor for European services was a 5.1-percentage-point improvement on the prior-year period. SWISS carried around 2.65 million passengers on its scheduled services in the first quarter of 2007 (up 19.4% on the prior-year period). Cargo load factor (by volume) for Swiss WorldCargo's airfreight business stood at 84.8%, a slight decline from the 87.8% of the first quarter of 2006.

Personnel numbers

	1 st quarter		1 st quarter
	2007	2006	2007 vs. 2006
Average number of employees (full-time equivalents)	5 415	6 014	-10.0%

SWISS employed an average of 5 415 employees (in full-time-equivalent terms) in the first quarter of 2007, 599 fewer than the 6 014 of the prior-year period. The reduction is due primarily to the sale of call-centre subsidiary Mindpearl in the course of 2006. SWISS employed 5 482 full-time equivalents on March 31, 2007, a net increase (its first ever) of 144 positions on the equivalent figure for the end of 2006. In view of the current fleet expansion, the new jobs were created almost entirely among the company's flying personnel. The 5 482 full-time positions were shared by 6 577 employees worldwide.

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

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