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SWISS continues to climb in the first half of 2007

Swiss International Air Lines (Group) generated earnings before interest and taxes (EBIT) of CHF 285 million for the first six months of 2007. The result compares to an EBIT of CHF 98 million for the same period last year. Consolidated net profit for the first six months of 2007 amounted to CHF 295 million (compared to CHF 76 million for the prior-year period).

SWISS maintained the favourable business performance it had achieved in 2006 through the first six months of the current year. Total income from operating activities was raised to CHF 2 304 million for the first-half period, compared to CHF 1 976 million for the same period last year. After an encouraging first quarter, earnings before interest and taxes (EBIT) showed a further year-on-year increase in the second quarter of 2007 and totalled CHF 285 million for the combined first-half period.

“SWISS continues to climb,” says CEO Christoph Franz. “Our encouraging first-half performance strengthens our faith in our current strategic thrust. These results have exceeded our expectations. Buoyed by strong demand, we further improved our performance in the second-quarter period on both the passenger and the cargo front. And our consistent cost management and the revenue synergies that we are now deriving from our integration into the Lufthansa Group and our membership of Star Alliance also made major contributions to these favourable first-half results.”

Key figures from the income statement

in CHF million	1st + 2nd quarter		2nd quarter		1st + 2nd quarter 2007 vs. 2006
	2007	2006	2007	2006	
Total income from operating activities	2 304	1 976	1 216	1 047	+17%
Earnings before interest and taxes (EBIT)	285	98	163	75	-
Profit for the period	295	76	177	72	-

“At the same time,” Franz continues, “we are well aware that aviation is a cyclical business, and that our industry is presently feeling the benefit of positive economic trends. So further improvements – in our processes, for instance – are still required to consolidate our market position in what is still a highly competitive business.”

Traffic figures

	1st + 2nd quarter		2nd quarter		1st + 2nd quarter 2007 vs. 2006
	2007	2006	2007	2006	
Seat load factor for European services	69.5%	68.1%	72.6%	74.3%	+1.4 points
Seat load factor for intercontinental services	83.2%	82.3%	84.5%	83.8%	+0.9 points
Seat load factor systemwide	78.8%	77.7%	80.6%	80.7%	+1.1 points

SWISS achieved stronger seat load factors than other European airlines in the first-half period. The higher capacity for the first six months (up 12.9% year-on-year in available-seat-kilometre terms) was fully absorbed by market demand. Indeed, the 78.8% systemwide seat load factor for the period was a 1.1-percentage-point improvement on the first half of last year.

First-half seat load factor on SWISS's intercontinental services stood at 83.2%, compared to 82.3% for the prior-year period. Seat load factor also improved on SWISS's European network, rising from the 68.1% of January-June 2006 to 69.5%. SWISS carried some 5.7 million passengers on its scheduled services in the

first half of 2007, 13.4% more than in the same period a year ago. For the second-quarter period, system-wide seat load factor stood at 80.6%, virtually unchanged from the 80.7% of the second quarter of 2006. The airfreight business of Swiss WorldCargo continued to show favourable overall trends. Cargo load factor (by volume) amounted to 84.7% for the first half of 2007, compared to 85.3% for the prior-year period.

“The double-digit growth in our production and our revenues and our solid EBIT result all bear witness to both the resounding impact of the strategy adopted by our management and the outstanding performance by all our employees,” Christoph Franz continues. “That’s something we can all be proud of. And what we now need to do is confirm and consolidate our current course, to ensure that SWISS can continue to maintain this sound and stable performance in more challenging business times.”

Personnel numbers

	1st + 2nd quarter		2nd quarter		1st + 2nd quarter
	2007	2006	2007	2006	2007 vs. 2006
Average number of employees (full-time equivalents)	5 499	5 717	5 583	5 419	-3.8%

SWISS created around 50 new jobs a month between April and June 2007. An average of 5 499 persons (in full-time equivalents or FTEs) were employed at the company in the first half-year. The decline from the equivalent figure for 2006 is due to the sale of the Mindpearl call-centre subsidiary at the end of March 2006.

SWISS had a workforce of 5 651 FTEs on June 30, 2007 – over 300 more than at the end of 2006. These 5 651 full-time positions were shared among 6 691 employees worldwide. With the ongoing expansion of its aircraft fleet, SWISS is expected to have created some 600 net new jobs by the end of this year. Nearly all of these positions are among the company’s flying personnel, mainly in the cabin crew corps. SWISS was also pleased to see a new Collective Labour Agreement concluded in June with the pilots of Swiss European Air Lines.

Further news

SWISS will offer daily service to Shanghai from March 2008 onwards, and Delhi will join the SWISS network in November of this year. These are the first destinations to be added to the SWISS intercontinental network since the company was established. The expansion of the SWISS fleet is also allowing service to be intensified to existing destinations: Los Angeles, São Paulo and Santiago de Chile (via São Paulo), for example, now all enjoy daily direct flights.

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. All key traffic rights have been secured, ensuring that SWISS can continue to serve all its main target markets. SWISS remains a joint-stock company under Swiss law with its registered office and its Management Board in Switzerland, where it retains its responsibility for quality and results and, in doing so, will continue to make its own key contribution to the country’s appeal as a business location.

SWISS is concerned about possible changes to the future operating parameters for Zurich Airport. If the present “Movement Ceiling Initiative”, which will be put to a referendum in Canton Zurich this November, were approved, this would severely limit SWISS’s ability to share in the present growth in demand for European air services, and would seriously jeopardise Zurich’s long-term future as an air transport hub. SWISS is strongly opposed to the initiative, in the interests of Switzerland’s attractiveness to business and industry and in the interests of its own employees. SWISS is also unable to support the Zurich Cantonal Council’s counterinitiative with its ZFI aircraft noise index: the reference values the ZFI uses will also unduly restrict the airport’s operation, as even without additional aircraft movements, the number of persons affected by aircraft noise will inevitably increase with the general growth of the population in the wider airport region.

This media release is also available on our SWISS.COM website under “About SWISS > Financial information”.

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