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SWISS posts further EBIT increase in its third-quarter results

Swiss International Air Lines (Group) raised its earnings before interest and taxes (EBIT) to CHF 475 million for the first nine months of 2007 (prior-year period: CHF 199 million). EBIT for the third-quarter period stood at CHF 190 million (prior-year period: CHF 101 million).

SWISS's consolidated total income from operating activities for the period from January to September 2007 rose to CHF 3 590 million (prior-year period: CHF 3 074 million). The nine-month EBIT result amounted to CHF 475 million (prior-year period: CHF 199 million). In a buoyant economic environment, SWISS maintained its encouraging revenue and earnings performance of the first six months throughout the third-quarter period. Total income from operating activities for July to September increased to CHF 1 286 million (prior-year period: CHF 1 098 million), and third-quarter EBIT was raised to CHF 190 million (prior-year period: CHF 101 million).

"SWISS is flying at a stable black-ink cruising altitude," says CEO Christoph Franz, commenting on the results. "Our clear positioning as a quality airline, our consistent strengthening of our Zurich hub and our gradual and sustainable expansion of our aircraft fleet and our route network are the foundations of our present success. We are very satisfied with the way our results are developing, on both the passenger and the cargo transport front. And together with Lufthansa and within Star Alliance, SWISS now has a strong competitive position, both in Switzerland and in Europe."

Key figures from the income statement

in CHF million	1 st to 3 rd quarter		3 rd quarter		1 st to 3 rd quarter
	2007	2006	2007	2006	2007 vs. 2006
Total income from operating activities	3 590	3 074	1 286	1 098	+16.8%
Earnings before interest and taxes (EBIT)	475	199	190	101	+138.7%

"Air transport is more directly affected by economic trends than most other sectors," Franz continues. "Any changes in the general business mood will rapidly impact on travel activity, whether it's an upturn or a cooling of the overall economy. Our investment decisions pay due regard to this. SWISS is currently growing at well above market rates; but we are expanding gradually, in response to demand and in full awareness of all the risks entailed. We are also pleased to note that the crisis in the US real-estate sector and the uncertainties this has created on the world's financial markets have not had any effect to date on our booking levels."

The additional capacity that SWISS offered in the first nine months of 2007 (12.6% up on the prior-year period in available-seat-kilometre terms) was fully absorbed by the market. Indeed, the 80.5% systemwide seat load factor for the period was a 0.7-percentage-point improvement on the first nine months of 2006. SWISS also posted a seat load factor for January to September 2007 that was above the average achieved by Europe's air carriers.

Traffic figures

	1 st to 3 rd quarter		3 rd quarter		1 st to 3 rd quarter
	2007	2006	2007	2006	2007 vs. 2006
Seat load factor for European services	72.4%	71.5%	77.6%	78.0%	+0.9 points
Seat load factor for intercontinental services	84.4%	83.8%	86.6%	86.7%	+0.6 points
Seat load factor systemwide	80.5%	79.8%	83.6%	83.9%	+0.7 points

SWISS improved its seat load factors on both its intercontinental routes (up 0.6 percentage points to 84.4%) and its European network (up 0.9 percentage points to 72.4%) in the first nine months of 2007 compared to

the same period last year. The airline carried around 9.1 million passengers (up 12.3%) during the January-to-September period. Systemwide seat load factor for the third quarter of 2007 amounted to 83.6% (prior-year period: 83.9%). The airfreight business of Swiss WorldCargo also showed generally favourable trends. Cargo load factor (by volume) for the first nine months stood at 84.0% (prior-year period: 84.7%).

“The profitable growth that our company is achieving confirms that our strategic thrust and alignment are correct,” Franz continues. “What we now need to do is secure SWISS’s market position. And that includes further investing in our products and services in response to demand. We are especially pleased that our company has created hundreds of new jobs through its present growth, and will continue to do so in 2008. And, since our personnel have made such a huge contribution to our recent EBIT improvements, we’re also ensuring that they will be able to share in that success.”

Personnel numbers

SWISS employed an average of 5 740 personnel (in full-time equivalents or FTEs) in the third quarter of 2007 – almost 400 more than a year before. The average SWISS workforce for the first nine months of 2007 stood at 5 579 FTEs.

A total of 5 874 FTEs were employed by SWISS on September 30, 2007, compared to 5 338 on December 31, 2006. The positions were distributed among 6 986 employees around the world. The additional jobs are being created primarily among SWISS’s flying personnel.

Further news

Lufthansa is providing substantial support for SWISS in its present expansion strategy, and is enabling the company to invest well over CHF 1 billion in renewing part of its intercontinental fleet: nine of its present Airbus A330-200s will be replaced by bigger and more advanced A330-300s. Once the new aircraft are in service, SWISS will be the only airline in the world to offer First Class to all its long-haul destinations, further confirming its quality airline credentials. With their greater capacity, the new A330-300s will allow SWISS to both share in current market growth and reduce the specific carbon dioxide emissions of its A330 fleet by 13%. SWISS will also put four more Airbus A320s into service on its European network in the next few years.

A new daily service to Delhi, India will be introduced on November 25. And Shanghai will also join the SWISS network with a new daily service in spring 2008. The current fleet expansion is also enabling SWISS to increase frequencies on existing routes: Los Angeles, São Paulo, Santiago de Chile (via São Paulo) and Johannesburg have all been enjoying new daily service since mid-July. SWISS’s European network is expanding, too. A fourth daily flight will be added to the Zurich-Berlin route at the end of October; and services from Zurich will be extended to St. Petersburg (daily), Florence (thrice daily) and Sofia (daily) from March 2008. Bucharest will receive thrice-weekly service from Geneva from the start of the 2008 summer schedules. And a new daily Geneva-Rome service is also to be introduced.

SWISS announced on August 23 that it was increasing its holding in its Swiss Aviation Training (SAT) subsidiary to 100%. “Providing initial and further training for our own flying personnel and those of third-party customers is of strategic importance to SWISS,” Christoph Franz underlines, “and our collaboration with Lufthansa Flight Training offers further prospects and perspectives here.” SAT was previously jointly and equally owned by SWISS and GCAT Flight Academy UK Limited (GCAT). In view of the subsidiary’s acquisition-in-full, results for SAT were fully consolidated for the first time in SWISS’s 2007 third-quarter results.

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

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