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SWISS continues to post black-ink results

Swiss International Air Lines (Group) achieved an operating profit of CHF 113 million for the first nine months of 2009 (compared to a CHF 373 million operating profit for the same period last year). Total income from operating activities declined 18% to CHF 3 236 million. SWISS also reported a black-ink result for the third-quarter period, posting an operating profit of CHF 47 million. The airfreight business of Swiss WorldCargo continued to show less-than-favourable trends in the third quarter, however, in the current business headwinds.

Pressure on yields increased in the third-quarter period, traditionally the strongest in business-volume terms. The smaller demand for premium-class seating and the corresponding increase in Economy Class business, along with continuing fare erosion, will only partially be reversed by any economic recovery. The lingering industry crisis has further accelerated these trends. Thanks to the actions it has taken, however, especially on the cost side, SWISS has so far kept the effects of the global economic crisis largely under control.

"If we compare ourselves with our competitors, SWISS has achieved a good result," says Chief Executive Officer Harry Hohmeister. "We're continuing to work hard on our costs, we're flexibly adjusting our capacities to changed and changing demand, and we continue to offer our customers an appealing air travel product. And, in contrast to the general industry trend, we also expect to post black-ink results for 2009 as a whole."

SWISS consistently realigned its capacity to demand – especially on intercontinental services – throughout the first nine months of 2009, including cutting frequencies on a number of routes. Systemwide production for the January-to-September period was 5% below that originally envisaged (and 4% below its prior-year level), with a 3% cut in Europe and a 7% reduction on intercontinental routes.

"In the present continuing crisis, and in the substantially-intensified price wars it has triggered, strict cost management is crucial to our ability to continue to post a black-ink result," says Chief Financial Officer Marcel Klaus. "We have been well able to do so to date," he continues. "The challenge now is to make steady further progress that will enable us to maintain and preferably further expand our present market position."

Key figures from the income statement

in CHF million	1st - 3rd quarter		3rd quarter		1st - 3rd quarter
	2009	2008	2009	2008	2009 vs. 2008
Total income from operating activities*	3 236	3 961	1 118	1 410	-18%
Operating result*	113	373	47	119	-70%

* In accordance with the accounting policies of the Lufthansa Group and International Accounting Standards, SWISS adopted the fair-value valuation method for its mileage bonus programme on 1 January 2009. The adoption of this method, replacing the previous marginal-cost method, reduces total operating income and the operating result for the first three quarters of 2008 by CHF 12 million and CHF 15 million respectively.

Traffic figures

SWISS achieved a systemwide seat load factor of 79.2% for the first nine months of 2009, a decline of 1.7 percentage points on the same period a year ago. The 81.6% intercontinental seat load factor was 2.9 percentage points down on the prior-year period, while European seat load factor rose 1.3 percentage points to 74.5%. SWISS carried 10.3 million passengers in the first nine months of 2009 (1.3% up on the 10.1 million of the prior-year period) and operated 101 689 flights (compared to 100 227 in the same period last year).

The airfreight business of Swiss WorldCargo suffered a substantial decline in the first nine months of 2009 compared to the same period last year. Cargo load factor (by volume) amounted to 67.0%, 13.3 percentage points down on the 80.3% of the prior-year period.

For the third-quarter period, systemwide seat load factor amounted to 85.9%, a one-percentage-point improvement on July-to-September 2008. European seat load factor rose 2.1 percentage points to 79.6%, while intercontinental seat load factor increased 0.9 percentage points to 89.2%. With capacity consistently tailored to changed and changing demand, available-seat-kilometre production for the period was 5% below its prior-year level. Revenue-passenger-kilometre traffic volume suffered a smaller decline of 3.9%.

	1st - 3rd quarter		3rd quarter		1st - 3rd quarter
	2009	2008	2009	2008	2009 vs. 2008
Seat load factor for European services	74.5%	73.2%	79.6%	77.5%	+ 1.3 points
Seat load factor for intercontinental services	81.6%	84.5%	89.2%	88.3%	- 2.9 points
Seat load factor systemwide	79.2%	80.9%	85.9%	84.9%	- 1.7 points

SWISS carried 3.74 million passengers in the third-quarter period, a 1.8% increase on the 3.68 million of the prior-year period. Third-quarter cargo load factor (by volume) stood at 69.5%, a 3.5-percentage-point decline.

Personnel

SWISS employed 7 383 personnel on 30 September 2009 (compared to 7 337 at the end of 2008). The total number of positions amounted to 6 020 full-time equivalents (compared to 6 026 at the end of last year).

Short-time working was introduced at Swiss WorldCargo on 1 June. SWISS has also initiated various further actions on the personnel front, including top managers waiving part of their salaries and not filling newly-vacant positions (or delaying such appointments). Ground staff have also been offered facilitated options for taking unpaid leave. All these actions are helping to secure jobs.

Further company news

SWISS named Europe's best airline: SWISS earned the prestigious Skytrax 2009 World Airline Award this spring when it was named "Best Airline: Europe" for its short- and long-haul flights. The distinction was based on the latest survey of millions of air travellers by Skytrax, the reputed UK-based consultants. A member of the new SWISS Airbus A330-300 long-haul fleet was named in September when HB-JHC received the name "Bellinzona" in honour of the capital of Canton Ticino.

Product investments: Despite the present difficult economic environment, SWISS continues to pursue its comprehensive investment programme as planned, further strengthening its market position. Customers are evidently pleased with the new Airbus A330-300 cabin product in all three seating classes, as the first customer surveys have revealed. Business Class passengers particularly appreciate the comfort levels, the innovative seating arrangement and the advanced inflight entertainment system, and SWISS First travellers also give excellent marks to their new "suite above the clouds". SWISS customers are already enjoying the new inflight comfort offered by the four A330-300s that have already entered service on the routes to New York (JFK), Dubai/Muscat, Mumbai and Delhi. The SWISS Airbus A340 long-haul fleet will also be re-equipped with the new Business Class cabin by 2011.

High punctuality: For the January-to-September period, 85.6% of all SWISS flights left within the permitted 15 minutes of their scheduled departure time, an outstanding punctuality performance for a network carrier and one of the best the company has ever recorded. The achievement is attributable to improvements to operating processes and procedures and to SWISS's collaborations with its airport partners, but is also due to a general recent decline in air traffic volumes.

Network news: SWISS plans to make further modifications to its capacities in the winter timetable period that are broadly of the scope seen in summer. European capacity will be cut by 1%, while intercontinental capacity will see reductions of some 9%, giving an overall systemwide reduction of 7% compared to the originally-published schedules (and a 5% reduction on prior-year production levels). Two long-haul aircraft remain temporarily withdrawn.

With the corresponding demand showing signs of renewed growth, SWISS will increase capacity to New York and Boston again from the beginning of December. SWISS will further be introducing its first daily Bangkok services with the start of the winter schedules; and service to Berlin will also be increased from five to six daily flights. SWISS's extensive 48-destination European flight programme is completed by Lyon and Oslo, which were both newly added in the summer schedules. SWISS will continue to invest in its product and fleet as planned, to maintain its competitive edge in the longer term.

New appointments to the SWISS Board of Directors: Christoph Franz and Stefan Lauer joined the SWISS Board of Directors on 19 October. Both members of the Lufthansa Executive Board, they succeed Wolfgang Mayrhuber and Klaus Schlede. The SWISS Board of Directors continues to be chaired by Rolf Jetzer. Deputy Chairman Walter Bosch and long-serving Board member Jacques Aigrain also remain in office. With its new composition, the SWISS Board of Directors has set its course for the years ahead in personnel terms.

This media release is also available online at SWISS.COM under "About SWISS > Financial information".

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