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## SWISS first-half results buoyed by a strong second quarter

Swiss International Air Lines (Group) achieved an operating profit of CHF 61 million (prior-year period: CHF 65 million) for the first six months of 2010. Total income from operating activities amounted to CHF 2 245 million, a 6% improvement on the CHF 2 118 million of the same period last year. The airfreight business of Swiss WorldCargo showed highly positive second-quarter trends, and made a major contribution to the improved operating result.

Switzerland has negotiated the economic crisis well compared to some of its European counterparts, and SWISS benefited from the upturn in demand in its home Swiss market in the second-quarter period. Yields also showed a slight recovery, but remained under sizeable pressure, especially on European routes. SWISS is suffering the effects of both a weakened euro and (above all) a substantial increase in fuel costs. April's volcanic eruption in Iceland and the resulting disruption of air services in Europe also prompted a 20% decline in revenues for the month, eroding over CHF 30 million from bottom-line results.

"After a red-ink first quarter, SWISS had a positive second quarter, despite the volcanic ash cloud," says SWISS CEO Harry Hohmeister. "The developments of the past few months enable us to look ahead with greater confidence than we could have mustered just a few months ago. Business has picked up, and the trend is particularly encouraging on our intercontinental routes. We'll be investing well over half a billion francs in renewing our fleet and further developing our product this year, and will also be recruiting 500 new staff," Hohmeister adds. "And we expect to post results for the year as a whole that are an improvement on 2009."

SWISS now intends to further expand its aircraft fleet, with the addition of one more Airbus A330-300 and two A320s. "In doing so, we are continuing our sustainable growth," Hohmeister comments. With its new A330-300 – its tenth overall – SWISS is investing primarily in growth markets such as the USA, India and Bangkok.

The installation of the new Business Class in SWISS's long-haul Airbus A340s is also proceeding on schedule. Two A340s now have the new SWISS Business cabin, and the ongoing programme should see the full A340 fleet so equipped by mid-2011. The first A340 fitted with the new Business Class cabin has been deployed on SWISS's new six-times-weekly service between Zurich and San Francisco, which was launched in early June.

"If we are to give ourselves the prospect of continued business growth, we must further optimise our cost positions, especially on our European network," says CFO Marcel Klaus. "The financial crisis and the resulting structural changes have transformed the European market environment, and the competition here is particularly intense."

### Key figures from the income statement

in CHF million	1st + 2nd quarter		1st + 2nd quarter	2nd quarter		2nd quarter
	2010	2009	2010 vs. 2009	2010	2009	2010 vs.2009
Total income from operating activities	2 245	2 118	+ 6%	1 170	1 038	+ 13%
Operating result	61	65	- 6%	71	3	-

SWISS continues to make selective adjustments to its capacities in response to market demand. On the European network, total capacity for the first half of 2010 was a 4% increase on its prior-year equivalent, while total capacity on intercontinental routes was 2% below the same period last year. As a result, overall first-half capacity remained broadly unchanged from its prior-year level.

### Traffic figures

SWISS's systemwide seat load factor for the first six months of 2010 amounted to 80.1%, a 4.2-percentage-point improvement on the prior-year period. While seat load factor for European services remained largely stable at 70.8% (2009: 71.7%), seat load factor on intercontinental routes saw a substantial 7.1-percentage-point increase to 85.0%. SWISS operated 68 833 flights in the first six months of 2010, a 3.1% increase on the

66 752 flights of January-to-June 2009. Total passengers carried for the period stood at 6.64 million, a 2.0% improvement on the 6.51 million of the previous year.

The airfreight business of Swiss WorldCargo showed a tangible improvement in the first half-year. Cargo load factor (by volume) for the period rose a substantial 16.4 percentage points to 81.8% (2009: 65.4%).

	1st + 2nd quarter		1st + 2nd quarter	2nd quarter		2nd quarter
	2010	2009	2010 vs.2009	2010	2009	2010 vs.2009
Seat load factor for European services	70.8%	71.7%	- 0.9 points	73.2%	77.2%	- 4.0 points
Seat load factor for intercontinental services	85.0%	77.9%	+ 7.1 points	86.4%	79.2%	+ 7.2 points
Seat load factor systemwide	80.1%	75.9%	+ 4.2 points	81.9%	78.5%	+ 3.4 points

SWISS carried 3.40 million travellers in the second-quarter period, 4.6% fewer than the 3.56 million of April-to-June 2009. The decline was due to the Icelandic volcanic eruption and the disruption caused to Europe's air services in mid-April by the resulting ash cloud. SWISS's flights were well patronised in the second quarter, too, as is reflected in the high systemwide seat load factor of 81.9% (up 3.4 percentage points).

## Personnel

SWISS remains a generator of business and jobs, offering young people fascinated by flying the opportunity to pursue their career in the air transport sector. The company expects to recruit over 500 new personnel this year, predominantly for its flying crew corps. At the end of June 2010 SWISS employed 6 113 personnel around the world in full-time-equivalent terms (31.12.2009: 5 945). The positions were distributed among 7 496 employees (31.12.2009: 7 342).

## Further company news

**Fleet and product investments:** SWISS will have nine Airbus A330-300s in service by the end of 2010, offering customers new inflight comfort levels in all three seating classes. All flights to and from New York (JFK) are now operated with the advanced new twinjet. The new Business Class cabin is also being gradually installed throughout the SWISS Airbus A340 fleet, in a programme that will be completed by mid-2011. Customers to and from San Francisco and Boston already enjoy the enhanced SWISS Business comfort on their A340 flights. SWISS will also add a tenth Airbus A330-300 to its fleet in spring 2011. And two further A320s will join the fleet by spring 2012.

**High punctuality:** After the record year of 2009, SWISS achieved its second-best-ever second-quarter punctuality performance this year. A total of 84.3% of all SWISS flights left within the permitted 15 minutes of their scheduled departure time in the second quarter of 2010 – only three percentage points below the prior-year all-time record, and an excellent performance for a network carrier.

**Network news:** SWISS constantly reappraises its network and modifies its production in response to current circumstances and market demand. European capacity for 2010 as a whole is expected to be 3% above its 2009 level, while intercontinental routes should see a 5% capacity increase. SWISS introduced a six-times-weekly service between Zurich and San Francisco in early June. The new non-stop flights further expand SWISS's services to and from the USA, its most important intercontinental market. San Francisco is SWISS's seventh North American destination. SWISS will also be using its planned fleet expansion to raise its San Francisco, Delhi and Bangkok frequencies to daily from the 2011 summer schedules. Services to East Africa will also be expanded, and the Zurich-Nairobi-Dar es Salaam route will have a new six-times-weekly service.

**SWISS number one:** SWISS was recently named number-one airline (among 18 European carriers) by the readers of "Which?", the UK's most popular consumer magazine. The airline was awarded a maximum four stars from readers for its cabin personnel, its cleanliness, its seating arrangements, its checked and cabin baggage allowances and its overall value for money.

SWISS also earned the coveted Skytrax 2010 World Airline Award for its Staff Service Excellence in Europe this May, following a survey of several million air travellers from over 100 countries. The distinction is a tribute to the outstanding work and service of SWISS crews in the air and on the ground. And in early June Switzerland's "Bilanz" business magazine named SWISS Best European Carrier in its latest airline ratings.

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

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