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## SWISS reports a solid operating profit of CHF 368 million

After a challenging year, Swiss International Air Lines (Group) reports an operating profit of CHF 368 million for 2010. The result, which compares to a CHF 146 million operating profit for the previous year, was achieved despite earnings being depressed by some CHF 30 million through the volcanic ash cloud crisis, and despite a strong Swiss franc and rising fuel prices. Total income from operating activities amounted to CHF 4 774 million, a 9% improvement on 2009. SWISS generated an operating profit of CHF 135 million for the 2010 fourth-quarter period. The airfreight operations of Swiss WorldCargo made a substantial contribution to overall results, with the unit maintaining a consistently strong performance throughout the twelve-month period.

SWISS posted a seat load factor for the year of 82.3%, a new record for the company and indeed for Swiss aviation (seat load factor for 2009 amounted to 80.1%). The more than 14 million travellers carried in 2010 was also the highest passenger volume that the company has recorded since its foundation in 2002.

“2010 was a good year for SWISS,” says Chief Executive Officer Harry Hohmeister. “After a tough start to the year and the setback of the volcanic ash crisis, we were able to report an exceptionally strong second-half performance. We also saw increasing evidence that our consistent endeavours on the product and customer service fronts are reaping their rewards.”

Despite the encouraging results, Hohmeister is keen to emphasise the importance of maintaining business flexibility and cost discipline. “We must not ease up in our cost management,” he stresses, “and we must align all our actions and activities to a market that is likely to display increasing volatility – partly through external factors such as oil price and exchange rate trends, and partly through the market’s own innate developments, like customer bookings becoming increasingly short-notice and harder to predict. The recent events in the Maghreb region and in Japan dramatically underline the importance of flexibility.”

SWISS expanded its capacities by a modest 4.4% in 2010 – by 3.4% in Europe and by 4.9% on its intercontinental routes. The long-haul sector saw a recovery in demand from the levels seen in the immediate wake of the financial crisis. The Zurich-San Francisco route, newly operated from June onwards, showed favourable business volumes from the very first month. “We are delighted that we are clearly meeting a customer need here,” Hohmeister comments. “The load factors on the route are well above our expectations.”

On the European network, however, which has seen a further tangible increase in competition from other carriers, yields have yet to recover from the levels seen in the crisis year of 2009. “In view of this, our European business remains the focus of further actions,” Hohmeister confirms. SWISS’s CEO is cautiously optimistic for 2011. “The year got off to a rather disappointing start,” he concedes, “and reliable projections are becoming harder and harder to make, given the increasing fluctuations we are seeing in our business. But we have every intention of emulating last year’s results.”

“Given the high volatility of the markets, retaining our favourable cost structures is one of our paramount tasks,” adds Chief Financial Officer Marcel Klaus. “Flexibility, variability and speed of execution are the keys to sustainable corporate development.”

### Key figures from the income statement

in CHF million	Full year		4 <sup>th</sup> quarter		Full year
	2010	2009	2010	2009	2010 vs. 2009
Total income from operating activities	4 774	4 363	1 244	1 127	+10%
Operating result	368	146	135	33	+152%

### Traffic figures

SWISS carried 14 168 718 passengers in 2010. The 2.8% increase on the 13 783 632 of 2009 was also the first time since it was founded that the carrier had transported more than 14 million passengers in a year. The additional capacity (which amounted to a 4.4% increase in available-seat-kilometre terms) was fully absorbed by the market: the systemwide seat load factor of 82.3% was the highest ever achieved in the history of Swiss

air transport. Total flights operated saw a modest rise of 3.6% to 141 405. SWISS also welcomed its hundred-millionth passenger since its foundation on 19 October 2010.

Seat load factor on intercontinental services was raised from the 83.2% of 2009 to an extremely high 86.8%. While long-haul available-seat-kilometre (ASK) capacity was up 4.9% year-on-year, total revenue-passenger-kilometre (RPK) traffic volume rose by 9.5%. On the European network, ASK capacity was 3.4% above its prior-year level, while RPK volumes were increased by 2.6%. Seat load factor for Europe remained broadly unchanged at 73.5%.

The airfreight business of Swiss WorldCargo showed highly encouraging trends. Cargo load factor (by volume) for the year stood at 82.9%, an improvement of 12.2 percentage points on the 70.7% of 2009.

	Full year		4 <sup>th</sup> quarter		Full year 2010 vs. 2009
	2010	2009	2010	2009	
Seat load factor for European services	73.5%	74.1%	73.0%	73.0%	- 0.6 points
Seat load factor for intercontinental services	86.8%	83.2%	86.7%	87.8%	+ 3.6 points
Seat load factor systemwide	82.3%	80.1%	82.2%	82.6%	+ 2.2 points

For the fourth quarter of 2010, SWISS raised its capacity by 9.5% systemwide (by 1.2% in Europe and by 14% on intercontinental routes) compared to the prior-year period. Some 3.59 million travellers flew SWISS during the October-to-December period, 2.1% more than in the fourth quarter of 2009. Cargo load factor (by volume) amounted to 82.8%, up 0.9 percentage points on the prior-year period.

## Personnel

SWISS remains a key generator of business and jobs. The SWISS workforce consisted of 7 506 employees on 31 December 2010 (compared to 7 342 at the end of 2009). Total positions amounted to 6 140 full-time equivalents (compared to 5 945 at the end of the previous year). The company recruited over 500 new personnel in 2010, mainly to its flying crew corps. By maintaining a policy of sustainable business growth, SWISS aims to continue to create and secure jobs. The plans to further expand the SWISS aircraft fleet from 2012 onwards will directly create around 600 further positions at the company, and will indirectly generate up to 2 000 further jobs among suppliers and within the broader tourism sector.

## Further company news

**Top customer awards:** Once again, SWISS earned various awards and distinctions for the high quality of its products and services in the course of the year. The readers of *Which?*, the UK's widest-circulation consumer magazine, voted SWISS best airline of 18 European carriers. In May SWISS also won the 2010 Skytrax World Airline Award for Staff Service Excellence in Europe, a distinction based on a poll of several million air travellers from over 100 countries. And in June the airline was named Best European Carrier in the annual airline ratings of Switzerland's *Bilanz* business magazine.

**Product and fleet investments:** SWISS continues to pursue its planned comprehensive product and fleet investment programme, to maintain its competitive edge and strengthen its market position in the longer term. The current renewal of the Airbus A330 fleet will be completed this spring with the delivery of the tenth new A330-300. By mid-2011 the Airbus A340 fleet will also be fully equipped with the new Business Class. The entire long-haul fleet will then feature the state-of-the-art SWISS Business cabin, while the A330-300 fleet will also boast the latest First Class interior.

A further phase of fleet expansion will begin in 2012 which will see the addition of five more A330-300s, two Airbus A320s and two A321s. And in 2014 SWISS will start to replace its entire Avro RJ regional fleet with 30 aircraft of the newly-developed, ecofriendlier and substantially quieter Bombardier CSeries.

**Eco-commitment delivers results:** SWISS reduced its fuel consumption per 100 passenger-kilometres (pkm) by some 3.9% in 2010 compared to its prior-year level. The airline's specific fuel consumption has now been cut from the 4.52 litres per 100 pkm of 2002 to 3.73 litres. SWISS remains committed to sustainably further enhancing its ecological efficiency by a variety of means, including investing in new low-emission technologies, adopting operational measures and maintaining high loadings on its flights.

**Punctuality affected by snow and volcanic ash:** Operations in 2010 were strongly affected by a number of external factors, particularly the Icelandic volcanic eruption in April. The resulting ash cloud led to the cancellation of 1 885 flights affecting 202 184 passengers, costing SWISS CHF 60 million in lost revenues and eroding CHF 30 million from bottom-line results. SWISS also suffered a decline in its annual punctuality levels: 79.9% of all flights left within the permitted 15 minutes of scheduled departure time (compared to 84.4% for 2009). The deterioration here was due partly to heavy snowfalls in January, February and December, partly to an increase in strike action within Europe and partly to a general rise in traffic volumes, which in turn put more pressure on airport and air traffic control capacities. The volcanic ash cloud had an adverse impact on

punctuality, too, with flights in May having to be rerouted around the phenomenon. Fourth-quarter punctuality stood at 77.2% (compared to 81.0% for the prior-year period).

**Network news:** SWISS is constantly reappraising its network and modifying its production in response to current circumstances and demand. Services from Zurich saw the addition of one new daily frequency each to Stockholm, Valencia and Belgrade from 17 December. SWISS also added two new daily Geneva-Madrid flights and a third daily Geneva-Barcelona frequency from the same date. Earlier in the year, the carrier inaugurated a six-times-weekly service between Zurich and San Francisco at the beginning of June. Loadings on this latest intercontinental route are high, and have exceeded expectations.

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

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