Media release

Zurich Airport, 14 March 2013

2012 financial results; long-haul fleet renewal from 2016

SWISS sees operating profit fall to CHF 212 million; Airbus A340s to be replaced with Boeing B777-300ERs

Swiss International Air Lines generated total income from operating activities of CHF 5,033 million in 2012, a 2% increase on the previous year (2011: CHF 4,927 million). But with the market environment still difficult, operating profit for the year fell 31% to CHF 212 million (2011: CHF 306 million). The CHF 27 million operating profit for the fourth quarter of 2012 was, however, an improvement on the CHF 18 million of the prior-year period. SWISS has also announced that its Airbus A340 fleet will be phased out from 2016 onwards. To this end, orders have been placed with Boeing for six Boeing B777-300ER aircraft.

Swiss International Air Lines generated total income from operating activities of CHF 5,033 million for 2012, a 2% increase on the CHF 4,927 million of the previous year. Annual operating profit declined 31%, however, to CHF 212 million. SWISS achieved an operating profit of CHF 27 million for the 2012 fourth-quarter period, a CHF 9 million improvement on the CHF 18 million of October-to-December 2011. “We continue to face strong business headwinds,” said CEO Harry Hohmeister commenting on the results. “But we did take a number of actions in the course of last year to improve our earnings performance.”

In response to the trends, SWISS has defined various future-oriented initiatives (SCORE) companywide to effect long-term structural improvements to its earnings capability. Some 64 of more than 120 actions defined so far made a significant contribution to SWISS’s earnings in 2012, and further such improvements are expected to have an impact of similar dimensions on 2013 earnings results. “Given the recent changes we have seen in our business and operating parameters, we must make these additional efforts if we are to retain our ability to fund our future investments,” Hohmeister emphasizes.
Airbus A340 fleet to be replaced with six Boeing B777-300ERs

SWISS will begin replacing its present long-haul aircraft fleet from 2016 onwards. To this end, orders have been placed for six Boeing B777-300ER aircraft. The decision to opt for Boeing’s successful 777 was taken after extensive evaluations. The six firm orders represent a total investment of more than CHF 1.5 billion.

The new Boeing twinjets will be deployed on SWISS’s ultra-long-range routes to destinations such as San Francisco, Los Angeles, São Paulo, Bangkok, Hong Kong, Shanghai, Beijing, Johannesburg and Singapore.

The Boeing B777-300ER incorporates proven sophisticated technology. The aircraft is extremely reliable, offers high cabin comfort levels and seats over 330. It also boasts per-seat fuel and CO₂ savings of 23% over the A340.

“The Boeing B777-300ER has the ideal size and range to meet our Swiss market needs,” says CEO Harry Hohmeister. “And with many of our competitors already operating aircraft with over 300 seats on the routes concerned, this further investment in an advanced aircraft fleet is a landmark decision that is crucial to retaining our competitive edge.” The 777 is already in service elsewhere within the Lufthansa Group, too – at Austrian Airlines and, as of autumn 2013, it will be in use at Lufthansa Cargo.

Higher fourth-quarter earnings

SWISS’s total income from operating activities for the fourth quarter of 2012 amounted to CHF 1,219 million – virtually unchanged from the CHF 1,220 million of the prior-year period. Operating profit for the period rose 50%, from the CHF 18 million of the previous year to CHF 27 million. The fourth quarter of 2011 was, however, SWISS’s weakest in financial performance terms since its corporate restructuring of 2006.

Overall fourth-quarter capacity was 4% up on the prior-year period (down 0.4% in Europe and up 6.3% on the intercontinental network). SWISS operated a total of 36,757 flights, 1.2% fewer than a year before. Despite this, passenger numbers rose 0.2%, from 3.75 million to 3.76 million. Systemwide seat load factor amounted to 81.2%, an improvement of 0.3 percentage points. Seat load factor was unchanged for Europe at 72.5% and saw a slight 0.2-point increase to 85.4% for intercontinental routes. Capacity at Swiss WorldCargo was raised by a full 18.5% for the quarter. Cargo load factor (by volume) stood at 80.9%, an improvement of 1.6 percentage points.

Further records in passenger volumes and seat load factor

Once again, SWISS set a new Swiss aviation record in 2012 for the annual number of passengers carried. Some 15,816,469 customers travelled with the airline, 3.3% more than the previous year (2011: 15,317,275 passengers). Annual capacity was increased 4.7% in available-seat-kilometre (ASK) terms, while total traffic volume in revenue
passenger-kilometres (RPK) was raised 6.1%. Seat load factor rose accordingly by 1.1 percentage points to 82.9%, another record value. A total of 150,860 flights were operated systemwide, a slight 0.5% increase on the previous year (2011: 150,131 flights).

On the intercontinental network ASK capacity was increased 5.8%, while RPK traffic volume rose 7.5%. The seat load factor of 87.1% was a 1.4-percentage-point improvement on the previous year. ASK capacity on SWISS’s European network was raised 2.4% for the year, while RPK traffic volume increased by 3%. Seat load factor rose 0.4 percentage points to 74.7%.

On the airfreight front, Swiss WorldCargo raised its total cargo tonne-kilometres for the year by 3%. Cargo load factor (by volume) stood at 79.3%, a 0.8-percentage-point improvement on 2011.

### Key figures from the income statement

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<thead>
<tr>
<th>in CHF million</th>
<th>Full year</th>
<th>4th quarter</th>
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<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Total income from operating activities</td>
<td>5,033</td>
<td>4,927 + 2%</td>
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<tr>
<td>Operating profit</td>
<td>212</td>
<td>306 - 31%</td>
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### Traffic figures

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<th>4th quarter</th>
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<tr>
<td></td>
<td>2012</td>
<td>2011</td>
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<tr>
<td>Seat load factor for European services</td>
<td>74.7%</td>
<td>74.3% + 0.4 points</td>
</tr>
<tr>
<td>Seat load factor for intercontinental services</td>
<td>87.1%</td>
<td>85.7% + 1.4 points</td>
</tr>
<tr>
<td>Seat load factor systemwide</td>
<td>82.9%</td>
<td>81.8% + 1.1 points</td>
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### Product and service enhancements

As a quality airline, SWISS is constantly reappraising and further expanding its range of products and services. Activities here in 2012 included the introduction of a new baggage collection service under which – for a fee – departing travellers can have their bags picked up from their home. In response to the growing popularity of booking online, SWISS also expanded the range of functions and facilities on its swiss.com website in the
course of the year. As a result, online customers can now reserve their flight at a guaranteed fare for up to 72 hours. A new seat selection option is now also available to customers booking online. And in addition to the “classic” out-and-back journey, customers can now use swiss.com to book “open-jaw” flights or itineraries with stopovers en route.

More jobs created in 2012 and new Singapore service for 2013

A total of 8,067 persons were employed by SWISS at the end of 2012 (2011: 7,644), or 6,790 in full-time-equivalent terms (2011: 6,326 FTEs). SWISS thus created around 460 new full-time positions in the course of the year. The company will continue to make securing jobs one of its prime priorities. The opening of the new Zurich-Singapore route alone in May 2013 will add some 150 positions to SWISS’s cockpit and cabin crew corps, along with further ground personnel. The new route will be operated daily from 12 May with an Airbus A340-300 seating 219 passengers in a three-class cabin configuration. The new non-stop service offers sizeable potential for both business and leisure travel and for cargo business, too. Advance bookings have been encouraging to date and in line with expectations. In adding its eighth destination in Asia, SWISS is continuing its long-term investment in the region.

Outlook

SWISS expects to see further high passenger volumes in 2013, and for the first two months these have been above expectations. The competitive environment remains tough, however; and, given the current global economic uncertainties, the company’s management anticipates another challenging business year. In view of the above, the company will continue to systematically devise actions companywide to generate additional revenues and further optimize costs. If business parameters remain constant the operating result for 2013 is likely to be similar to that of the previous year.

Swiss International Air Lines (SWISS) is Switzerland’s national airline, serving 69 destinations in 37 countries from Zurich, Basel and Geneva and carrying some 15 million passengers a year with its 91-aircraft fleet. The company’s Swiss WorldCargo division provides a comprehensive range of airport-to-airport airfreight services for high-value and intensive-care consignments to more than 150 destinations in over 80 countries. As the airline of Switzerland, SWISS embodies the country’s traditional values, and is committed to delivering the highest product and service quality. With its workforce of just over 8,060 personnel, SWISS generated total operating income of CHF 5.0 billion in 2012. SWISS is part of the Lufthansa Group, and is also a member of Star Alliance, the world’s biggest airline grouping.
For further information please visit:
www.swiss.com > About SWISS > Financial information > Video message

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