Media release

Zurich Airport, 16 March 2017

Annual results

SWISS reports EBIT of CHF 429 million for 2016

Swiss International Air Lines (SWISS) maintained operating income at its prior-year level in the 2016 business year, and achieved further high earnings before interest and taxes (EBIT) which, at CHF 429 million, were also broadly in line with the prior-year result (2015: CHF 453 million). SWISS's achievement in posting such revenue and earnings results in a market still characterized by yield declines is due largely to the positive impact of its fleet and product investments and its consistent cost management. SWISS will continue to invest in its premium air travel product both on the ground (including new lounges for its top customers) and in the air (refurbishing its Airbus A340s and extending inflight internet connectivity to its medium- and short-haul fleets). In view of the challenging competitive environment, the strength of the Swiss franc, the present geopolitical uncertainties and the recent tangible increase in the price of oil, SWISS expects to post an EBIT for 2017 that is slightly below its 2016 level.

Swiss International Air Lines (SWISS) generated total income from operating activities of CHF 4,799 million for 2016 – largely in line with the CHF 4,836 million of the previous year, despite the multiple challenges of a still-tough market environment with falling yields and a strong Swiss franc. Annual earnings before interest and taxes (EBIT) also remained high at CHF 429 million (2015: CHF 453 million), thanks in particular to the operation of efficient new aircraft and consistent cost management. The 2015 EBIT result had been boosted substantially by non-recurring items (the conclusion of new collective labour agreements for the company's cockpit and cabin personnel and currency hedging gains).

SWISS generated total income from operating activities of CHF 1,227 million in the fourth quarter of 2016, a 5% increase on the CHF 1,169 million of the prior-year period. Fourth-quarter EBIT was raised 56%, from the CHF 52 million of 2015 to CHF 82 million.

"All in all, SWISS can look back on a very successful 2016," says CEO Thomas Klühr. "We are in sound financial health, and we will continue to invest in our premium air travel product, for the benefit of our customers."

Investments of over CHF 15 million in a new premium ground product

SWISS will be creating a new First Class Lounge on the Check-In 1 concourse at Zurich Airport between now and the end of 2017. In addition to providing its own security checkpoint and a short dedicated walk to the associated limousine transport, the new 650-square-metre facility will offer an *à la carte* restaurant, front cooking, a staffed bar boasting over 100 different grappas and an area equipped with lounge niches, workstations and showers.

SWISS will also be refurbishing its existing Business Class and Senator Lounges in Zurich's Terminal A to align their facilities even more closely to the latest customer wishes and needs. The work here is scheduled for completion in the first quarter of 2018. "Our new premium product on the ground will offer our customers genuinely new levels of air travel comfort and convenience," says Thomas Klühr. The investments here will total over CHF 15 million.

Inflight connectivity for the medium- and short-haul fleets, too

SWISS will also be further investing in its premium air travel product aloft. A programme to extend inflight connectivity to the medium- and short-haul aircraft fleets will begin in 2018. The company is also investing some CHF 100 million in refurbishing its five remaining Airbus A340s. And it is converting its final five Bombardier C Series aircraft orders from the CS100 to the larger CS300, to produce a C Series fleet consisting of ten CS100s and twenty CS300s. New aircraft deliveries will reduce the average age of the SWISS fleet from 12.5 years to 8.5 years by the end of 2018. "So by the end of next year," Thomas Klühr concludes, "we will have one of Europe's most advanced and efficient aircraft fleets."

Outlook

SWISS is soundly financed and well positioned as a premium carrier to continue its success in the fiercely competitive air transport market. Its increased capacities, its efficient aircraft and its substantial product investments will all play their part here. The company will also be creating over 550 new jobs by the end of next year. In view of the challenging competitive environment, the strength of the Swiss franc, the present geopolitical uncertainties and the recent tangible increase in the price of oil, SWISS expects to post an EBIT result for 2017 that is slightly below its 2016 level.

This media release will be found at www.swiss.com/media

Contact

Swiss International Air Lines Ltd.
Media Relations
P.O. Box
8058 Zurich Airport
Switzerland
Phone: +41 848 773 773
media@swiss.com
SWISS.COM