

## Media release

Zurich Airport, 30 July 2019

2019 first-half financial results

### **SWISS reports first-half earnings decline**

**SWISS achieved adjusted earnings before interest and taxes of CHF 245 million for the first six months of 2019 (prior-year period: CHF 322 million<sup>1</sup>). The Adjusted EBIT result is a 24-per-cent decline from the record year of 2018. Total revenues for the period were broadly in line with last year's level at CHF 2.58 billion. The earnings decline is primarily attributable to higher expenditure on fuel and maintenance. Further key influencers were a fall in demand in the cargo segment and continuing pricing pressures in the European market. In the second-quarter period SWISS was able to ease the impact of the challenging market conditions, especially on European routes, by enhancing its production management. The resulting Adjusted EBIT of CHF 197 million was the second-best second-quarter performance in the company's history. SWISS still aims to post a double-digit Adjusted EBIT margin for 2019 as a whole.**

Swiss International Air Lines (SWISS) achieved adjusted earnings before interest and taxes of CHF 245 million for the first six months of 2019, a 24-per-cent decline on the prior-year period (first half of 2018: CHF 322 million<sup>1</sup>). Total revenues for the period were broadly in line with last year's level at CHF 2.58 billion. First-half earnings were substantially reduced by higher expenditure on fuel. Maintenance costs also increased over their 2018 levels as the recent additions to the aircraft fleet became due for the first of their periodic C Check maintenance visits. Overcapacities in Europe put sizeable pressure on fares, with a resulting fall in unit revenues; and the first-half earnings result was also affected by a lasting decline in demand in the cargo segment, especially on Far East routes.

"While our first-half earnings for 2019 fell short of the record levels we achieved last year, we can still be satisfied with this Adjusted EBIT result, especially in view of the challenging market situation," says SWISS CFO Michael Niggemann. "We had already factored in the higher fuel and maintenance costs, so this first-half earnings trend is in line with our expectations."

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<sup>1</sup> SWISS adopted new accounting principles at the end of 2018 in compliance with those of the Lufthansa Group. An Adjusted EBIT of CHF 224 million for the second quarter and of CHF 330 million for the first half of 2018 were previously reported in July 2018.

## A strong second quarter

SWISS saw a slight easing of the revenue and earnings pressures in the second-quarter period. Operating revenue for the period was raised one per cent to CHF 1.42 billion (Q2 2018: CHF 1.40 billion). Adjusted EBIT for the period declined 10 per cent, however, to CHF 197 million (Q2 2018: CHF 218 million<sup>1)</sup>). While below the level seen in the record year of 2018, this is still the second-best second-quarter earnings result in SWISS's history, and was buoyed among other things by enhanced production management, especially on European routes.

## Full-year forecast unchanged

While the overall business parameters are expected to remain challenging, SWISS still aims to achieve a double-digit Adjusted EBIT margin for 2019 as a whole.

The company will further pursue its fleet modernization in the second half of the year, receiving the two additional Boeing 777-300ERs which were ordered in May 2018.

"Thanks to our billions in investments, we now have one of Europe's most advanced aircraft fleets," says SWISS CEO Thomas Klüher. "That's not only good news for our guests: it's good for the environment, too. Operating efficient aircraft is by far the greatest contribution that an airline can make to reducing the environmental impact of air transport activities."

Swiss International Air Lines (SWISS) is The Airline of Switzerland, serving over 100 destinations in 44 countries worldwide from Zurich, Geneva and Lugano and carrying some 18 million passengers a year with its fleet of around 90 aircraft. The company's Swiss WorldCargo division provides a comprehensive range of airport-to-airport airfreight services for high-value and care-intensive consignments to around 175 destinations in more than 80 countries.

As The Airline of Switzerland, SWISS embodies its home country's traditional values, and is committed to delivering the highest product and service quality. With its workforce of some 9,000 personnel, SWISS generated total revenues of over CHF 5 billion in 2018. SWISS is part of the Lufthansa Group, and is also a member of Star Alliance, the world's biggest airline network.

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