Media release

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2020 financial results

SWISS reports substantial loss for 2020 owing to pandemic

The coronavirus pandemic and the resulting global entry restrictions have led to an unprecedented slump in demand for air travel and massive revenue declines. SWISS's total revenues for 2020 of CHF 1.85 billion were a full 65.2 per cent below their prior-year level. Adjusted EBIT for the year amounted to CHF -654 million (2019: CHF 578 million). The very weak results for the fourth-quarter period further increased the losses for the year as a whole. Radical actions initiated as early as March 2020 helped stem the losses to a certain degree. But with ever-clearer signs since the beginning of 2021 that the airline industry is undergoing major structural change, SWISS is now considering further measures to ensure its future viability. Passenger volumes have shrunk to a quarter of their 2019 levels, and no tangible recovery is expected before mid-summer 2021. SWISS essentially welcomes all efforts to make travel simple and reliable again, and is counting on the adoption of appropriate mobility-promoting parameters here that are as standardized as possible.

As a result of the coronavirus pandemic and the ensuing collapse of travel activity worldwide, Swiss International Air Lines (SWISS) suffered massive declines in its bookings and its revenues for the 2020 business year. The company consequently reported its first negative operating result for 15 years. Total revenues for the year amounted to CHF 1.85 billion, some 65.2 per cent below their prior-year level (2019: CHF 5.30 billion[1)]), and Adjusted EBIT for the year amounted to CHF -654 million (2019: CHF 578 million). The company's Swiss WorldCargo division made a disproportionately high contribution to its 2020 results, in view of the strong demand for cargo transport services, not least for medicines and further medical items.

A very weak fourth quarter further increases losses for the year

As expected, SWISS's operating losses further increased in the fourth quarter of 2020 as a result of the deterioration in the epidemiological situation. Fourth-quarter revenues totalled only CHF 311 million, a 75.7-per-cent decline on the prior-year period (Q4 2019: CHF 1.28 billion[1)]). Adjusted EBIT for the period amounted to CHF -239 million (Q4 2019: CHF 89 million).

[1)] SWISS adopted new accounting principles at the end of 2019 in compliance with those of the Lufthansa Group. Total revenues of CHF 1.28 billion for the fourth quarter and of CHF 5.33 billion for the full year of 2019 were previously reported in March 2020.

[2)] excluding Edelweiss Air

"The coronavirus pandemic and the resulting travel restrictions have posed a huge challenge for us," says SWISS CEO Dieter Vranckx. "And this, combined with the air transport sector's relatively high fixed costs, has meant that our industry has been hit a lot harder than others. We have radically reduced our costs in response – to preserve our liquidity and ensure that we are in the best possible business shape for the further challenges ahead."

Extensive cost savings have their effect

As soon as the pandemic developed, SWISS initiated numerous actions to maintain its liquidity and lower its costs, adopted short-time working companywide and deferred until further notice any projects and further investments that were not essential to its operations. "Thanks to these immediate and drastic cost saving measures, and also to the strong contribution from Swiss WorldCargo, we were able to keep our losses for 2020 within reasonable bounds," concludes SWISS CFO Markus Binkert. "We expected to report annual results of these dimensions, and have incorporated them into our financial and liquidity planning. What we didn't expect," he continues, "was for the situation to worsen again since the beginning of this year. We are still losing around CHF 2 million a day. So we now have to further intensify our cost saving endeavours."

Action packages have already been agreed with the company's social partners for its cabin crew members and its ground personnel. The negotiations with its pilots' staff association Aeropers on a viable new collective labour agreement suited to the present crisis times have not yet been concluded.

The company also expects to have reduced its workforce by some 1,000 full-time positions by the end of 2021 through a combination of natural turnover, early retirements and new part-time working arrangements. These actions also include a 20-per-cent reduction in the numbers of upper management personnel. And SWISS is further reducing its Management Board from four to three members: Chief Operating Officer Thomas Frick (61) will step down from his function as planned at the end of March 2021, but will remain active for the company under a project-based arrangement. "We would like to thank Thomas Frick already for his many years of outstanding service and commitment to our company," says CEO Dieter Vranckx. "Throughout that time he has ably proven all his skills and expertise – not only as a member of our cockpit crew corps, but also in the various management positions he has held, most recently on our Management Board in these extremely demanding times." As in the past, the COO function will now be additionally performed by the CEO.

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Structural changes require further restructuring measures

With renewed lockdowns and additional travel restrictions imposed in response to new coronavirus variants, and with the slow progress of vaccination programmes, the market situation has tangibly worsened since the beginning of this year. SWISS's production for March is at only some 25 per cent of its 2019 levels, and the present minimal flight operations in Geneva have had to be extended until the end of this month. "The situation has substantially deteriorated since 2021 began," confirms CEO Dieter Vranckx. "It is now abundantly clear that the entire airline industry will undergo tangible structural change. As a result, we at SWISS will also have to consider a more radical resizing than we have envisaged to date. And any reduction in the size of our aircraft fleet would also impact directly on our route network, our cost structures and our organizational structure. But no decisions have yet been taken here."

Slump in passenger numbers

The COVID-19 pandemic has prompted a slump in passenger volumes. SWISS[2)] transported a total of 4,790,372 passengers in 2020, some 74.5 per cent fewer than the previous year. A total of 48,069 flights were operated, a 68.2-per-cent year-on-year decline. Systemwide capacity for the year was 66.4 per cent down on 2019 in available seat-kilometre (ASK) terms. Total traffic volume, measured in revenue passenger-kilometres (RPK), was 76.8 per cent below its prior-year level. Systemwide seat load factor amounted to 57.9 per cent, a year-on-year decline of 26.1 percentage points. Seat load factor for Europe was substantially higher than its long-haul equivalent.

No recovery before mid-summer; mobility-promoting parameters required

Unfortunately, the recovery which had been hoped for in the first quarter of 2021 has failed to materialize. But with further progress in COVID vaccinations and with demand likely to have been only deferred, SWISS still expects to have its capacities back to around 65 per cent of their 2019 levels in the course of the third-quarter period. Private travel is likely to recover sooner than business travel here.

"The present pandemic is posing our company its greatest-ever challenges," CEO Dieter Vranckx concludes. "We have every confidence, though, that SWISS can continue to provide Switzerland with an extensive network of direct air services for both passengers and cargo all over the world. If we are to do so, however, we will need to have a set of mobility-promoting parameters in place that are as standardized as possible – which also means, for us, the equal treatment of all transport routes, means and modes."

SWISS will continue to help its customers in all their travel plans by offering flexible rebooking options in all fare categories.

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Swiss International Air Lines (SWISS) is Switzerland's largest airline. Operating one of Europe's youngest and most fuel-efficient aircraft fleets, SWISS provides direct flights from Zurich and Geneva that keep Switzerland connected with Europe and the world. Its Swiss WorldCargo division further offers an extensive range of airport-to-airport airfreight services for high-value and care-intensive consignments. As The Airline of Switzerland, SWISS embodies its home country's traditional values, and is committed to delivering the highest product and service quality. 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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