## Media release

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2021 first-half financial results

# SWISS reports first-half operating loss of CHF 398 million

**As a result of the still-dynamic pandemic development and the resulting major impediments to travel activity worldwide, SWISS incurred an operating loss of CHF 398.2 million for the first six months of 2021 (H1 2020: CHF -266.4 million). Strict cost and cash management combined with consistent network and capacity control helped keep the loss within reasonable bounds, and a positive operating cash flow was generated in the second-quarter period. Total first-half revenues amounted to CHF 659.3 million, a 43.5% decline from their prior-year level (H1 2020: CHF 1.17 billion). As last year, the second quarter brought a slight upturn in business volumes as the summer travel season approached. But the situation remains extremely tense. With a view to restoring its investment capability and maintaining its competitive edge, SWISS has embarked on a comprehensive restructuring and transformation that extend to reductions in both its personnel numbers and its aircraft fleet.**

The continuing travel restrictions in response to still-dynamic pandemic developments severely depressed business and results for Swiss International Air Lines (SWISS) in the first half of the present year, too. With booking levels still low and passenger numbers some two thirds below their prior-year equivalent, total revenues for the first-half period were 43.5% down from their 2020 level at CHF 659.3 million (H1 2020: CHF 1.17 billion). The extremely weak demand on the passenger front was partially offset by still strong demand for air cargo services. The operating result or Adjusted EBIT for the period amounted to CHF -398.2 million, a 49.5% decline (H1 2020: CHF -266.4 million). The larger loss in 2021 is attributable to the fact that the first two months of 2020 were largely free of the pandemic's effects.

"Given the still adverse business and operating conditions, we performed well under the circumstances in the first half of this year," concludes SWISS CFO Markus Binkert. "Thanks to our rigorous cost and cash management combined with consistent network and capacity control, we kept our operating loss within reasonable bounds, and generated a positive operating cash flow in the second-quarter period. According to our present projections, we do not expect to have to use more than about half of our bank credit facility, and we are currently well below this."

## Slight upturn in the second-quarter period

As last year, SWISS saw a slight upturn in business from April onwards as the summer travel season approached. Second-quarter revenues were also 47.6% up on their 2020 level at CHF 359.7 million (Q2 2020: CHF 243.7 million). Adjusted EBIT for the period amounted to CHF -197.2 million. This was 8.2% below its prior-year level (Q2 2020: CHF -182.3 million); but 2021 second-quarter earnings were also depressed by the operating costs incurred in ramping up flight operations and by restructuring costs.

"The slight upturn in business that we have seen in the last few weeks should not disguise the fact that, with further pandemic developments still hard to predict, the situation remains extremely tense," says SWISS CEO Dieter Vranckx. "But despite all these imponderables, we will continue to perform our mission and mandate as The Airline of Switzerland and offer our guests a range of air services that is as broad and as reliable as possible."

## Passenger numbers still very low

Passenger numbers remained very low in the first-half period. In the first six months of 2021 SWISS[1)] transported around a million travellers, 67.5%[2)] fewer than in the prior-year period, whose early months were not affected by the coronavirus pandemic. SWISS performed 13,060 flights in the first half of 2021, 56% fewer than in the same period last year. First-half systemwide capacity was 38.7% down in available seat-kilometre (ASK) terms, while total traffic volume for the period, measured in revenue passenger-kilometres, saw a 71.2% decline. First-half systemwide seat load factor amounted to 33.4%, a year-on-year decline of 37.8 percentage points. Seat load factor was substantially higher on European services than on long-haul routes. Passenger numbers for the second quarter of 2021 were significantly higher than for the first-quarter period. While SWISS only carried around 63,000 passengers in February, the weakest month, some 362,000 travellers were transported in the strongest month of June.

## Two thirds of the aircraft fleet now back in service

With the increased demand for air travel in the current summer travel season, SWISS continues to ramp up its flight operations. Two thirds of the aircraft fleet are now back in use. And by the end of June SWISS had restored service to over 90% of the destinations it had served in pre-coronavirus times, albeit with fewer frequencies. But total production is still well below that of pre-corona times, and capacity is currently at around 50-55% of its 2019 level.

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[1)] Excluding Edelweiss

[2)] In line with the provisions and practice of the Lufthansa Group, SWISS has modified the definitions used in its traffic volume reporting, with retroactive effect to 1 January 2021. This is also reflected in the corresponding year-on-year comparisons.

SWISS now expects its production for 2021 as a whole to be about 40% of 2019's. The key to any further substantial recovery remains a reopening of the USA, which is SWISS's most important traffic region.

**Comprehensive transformation initiated**

In response to the structural market changes that the coronavirus pandemic has prompted, SWISS has embarked on a comprehensive restructuring and transformation that include reductions in both its workforce numbers and the size of its aircraft fleet. These actions are designed to achieve sustainable savings of some CHF 500 million and enable the company to regain its ability to invest and retain its competitive edge. Thanks to a constructive consultation procedure, the workforce reduction is smaller than was originally expected.

To strengthen its premium positioning in the growing leisure travel field, SWISS will be offering a new Premium Economy Class from the fourth quarter of 2021 onwards. The company is also aligning its business model even more strongly to sustainability criteria. It aims to halve its carbon dioxide emissions from their 2019 level by 2030, and to achieve net-zero carbon emissions by 2050. The company also took delivery of its 30th Airbus A220 at the end of May, marking a further milestone in the biggest fleet renewal project in its history. And SWISS has further established the first-ever end-to-end logistics chain for importing sustainable aviation fuel (SAF) into Switzerland, in collaboration with various partners. It has thus become the first commercial airline to use SAF in its scheduled flight operations from Switzerland.

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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