Media release

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2021 financial results

SWISS reduces operating loss

SWISS significantly reduced its operating loss in 2021 from its prior-year level thanks to the transformation initiated, comprehensive cost-saving measures and strong cargo demand. The operating loss for the year of CHF -427.7 million was around one-third smaller than the previous year (2020: CHF -653.8 million). Total revenue for 2021 amounted to CHF 2.10 billion, a 13.7-per-cent increase year-on-year (2020: CHF 1.85 billion). SWISS's fourth-quarter operating result was a substantial improvement on the prior-year period, and the company ended the year with a positive cash flow. The transformation process initiated in the course of 2021 is on track, and is being further pursued through actions on the network, product and sustainability fronts. SWISS has also defined a series of concrete measures on the basis of its 'CO_2 Road Map 2030' to halve its net carbon dioxide emissions from their 2019 levels.

The repercussions of the coronavirus pandemic substantially depressed the annual results of Swiss International Air Lines (SWISS) for the 2021 business year, too. Despite this, SWISS was able to significantly reduce its operating loss from its prior-year level, thanks to the transformation it initiated and to comprehensive cost-saving measures. The company also benefited from higher production (especially in the summer months) and continued very strong demand for its cargo services. The operating loss of CHF -427.7 million was around one-third smaller than the previous year (2020: CHF -653.8 million). Total revenue for 2021 amounted to CHF 2.10 billion, a 13.7-per-cent year-on-year improvement (2020: CHF 1.85 billion) but still less than half of its 2019 pre-crisis level.

Year-on-year earnings improvement for the fourth quarter

As expected, the positive earnings recorded for the third-quarter period of 2021 could not be sustained for the seasonally weaker fourth quarter. But SWISS was able to substantially improve on its prior-year fourth-quarter operating result, with the CHF -36.3 million achieved representing a year-on-year improvement of more than CHF 200 million (Q4 2020: CHF -239.1 million). Fourth-quarter revenue was also significantly increased: the CHF 734.6 million generated was more than double the revenue result for the prior-year period (Q4 2020: CHF 310.9 million).

"With the transformation that we successfully embarked on in 2021, we are well equipped to remain successful in our markets," says SWISS CEO Dieter Vranckx. "We now need to continue our transformation, with a particular focus this year on increasing our capacities to up to 80 per cent of their 2019 levels and on raising our schedules' stability."

Liquidity situation improved

Despite the unexpectedly protracted length of the present crisis, SWISS's rigorous cost and cash management have ensured that the company has at no time utilized more than half of the CHF 1.5 billion bank loan facility which is 85-per-cent guaranteed by the Swiss Confederation. The total amount loaned was also increasingly reduced towards the end of 2021.

"Our restructuring has enabled us to achieve sustainable cost savings of CHF 500 million," explains SWISS CFO Markus Binkert. "We were also able to stem the cash drain in the course of 2021 and even generate a positive cash flow for the year as a whole. And in doing so we have laid a firm and promising foundation for SWISS's financial recovery."

Increase in passenger numbers

SWISS[1] transported just under six million passengers in 2021, 22.6 per cent more than in the previous year. A total of 56,372 flights were performed, a 17.3-per-cent increase on 2020. SWISS offered 22.7 per cent more capacity systemwide in 2021 in available-seat-kilometre (ASK) terms, while total traffic volume in revenue passenger-kilometres (RPK) rose 15.2 per cent over the same period. Systemwide seat load factor amounted to 54.4 per cent, 3.6 percentage points below its prior-year level. Seat load factors for European services remained well above those for long-haul flights.

'reach' transformation programme on track

To respond to the structural market changes that have been prompted by the coronavirus pandemic, SWISS launched a comprehensive transformation programme under the name of 'reach' in the course of 2021. The programme entails a 15-per-cent reduction in the size of the SWISS aircraft fleet. It also brought a planned resizing of the SWISS workforce through the elimination of some 1,700 full-time positions by the end of 2021, two thirds of which was achieved through voluntary actions and natural staff turnover. Investments in the SWISS product – such as the delivery and service entry of the Airbus A320neo and the introduction of the new SWISS Premium Economy Class – are further key pillars of the transformation programme, as are a number of innovative projects on the sustainability front. Further programme elements include extensive network optimizations to bring greater design flexibility to the overall offer of leisure and business travel air services in close coordination with sister airline Edelweiss. "We are on track to realign our company to the changed circumstances and

[1] Excluding Edelweiss Air

conditions by 2023 and sustainably restore SWISS's competitive credentials," CEO Vranckx concludes.

Halving of CO_2 emissions by 2030 planned

While meeting the challenges of the pandemic has substantially occupied the company over the past two years, extensive measures to reduce the environmental impact of its activities remain a key SWISS strategic objective. To this end, the company has defined a number of concrete actions under its 'CO_2 Road Map 2030' to achieve its ambitious goal of halving its net carbon dioxide emissions from their 2019 levels. In addition to billions of investment in its fleet renewal programme, these include large-scale optimizations in its flight operations. SWISS will, for instance, be the first passenger airline in the world to utilize the innovative AeroSHARK technology whose biomimetic riblet film enhances an aircraft's aerodynamics, which will cut SWISS's annual CO_2 emissions by up to 15,200 tonnes.

A further key element in the SWISS CO_2 Road Map is the company's active promotion of the use of innovative technologies. In summer 2021 SWISS became the first scheduled airline to use sustainable aviation fuel in its regular flight operations from Switzerland. And this week SWISS and Swiss clean-tech company Synhelion concluded a strategic collaboration to bring solar fuel to market. "Sustainable aviation fuel is the key to carbon-neutral flying, which we aim to achieve by 2050," CEO Vranckx confirms. "So we are proud to be teaming up with Synhelion to play a pioneering role in the use of solar fuel."

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