



SWISS POSTS CHF 187 MILLION EBIT FOR THE THIRD-QUARTER PERIOD

News / Finance



SWISS achieved earnings before interest and taxes (EBIT) of CHF 401 million for the first nine months of 2015, a 59% increase on the same period last year. The company posted an EBIT of **CHF 187 million** for the third-quarter period, a 36% year-on-year improvement. The substantially-improved EBIT results are attributable in particular to low oil prices and the impact of various actions on the cost-reduction front.

Swiss International Air Lines (SWISS) generated total income from operating activities of CHF 3,823 million in the first nine months of 2015, some 3% down on the same period last year (Q1-3 2014: CHF 3,924 million). The decline was due in part to the continued strong competition from low-cost carriers and from the Gulf-based airlines. The Swiss National Bank's decision in January to abolish its previous minimum Swiss franc/euro exchange rate also put SWISS under pressure during the period and impacted negatively on its revenue results.

On a brighter note, SWISS's nine-month results felt the beneficial effect of low oil prices: the

favourable price of jet fuel more than offset the currency-related revenue erosion in the first nine months of the year. SWISS's currency hedges also buoyed earnings for the period, as did the 370-odd actions launched on both the cost and the revenue front under the broader SCORE earnings enhancement programme of the Lufthansa Group. A total of 169 of these had been implemented and concluded by the end of the third-quarter period, with particular benefit deriving from the measures designed to enhance fuel efficiency and to increase SWISS's share of the Geneva market.

SWISS's earnings before interest and taxes (EBIT) for the first nine months of 2015 amounted to CHF401 million. This is a substantial 59% improvement on the CHF 252 million of the prior-year period.

Third-quarter EBIT raised to CHF 187 million

SWISS continued to operate in a challenging market environment in the third-quarter period. The total quarterly income from operating activities of CHF 1,382 million was 1% down on the CHF 1,400 million of the prior-year period. Third-quarter EBIT amounted to CHF 187 million, a 36% improvement (Q3 2014: CHF 138 million).

"We are very pleased with these encouraging business results," says SWISS CEO

Harry Hohmeister. "They are a clear confirmation to us that we are on the right track. We are well aware, though, that the market environment will remain very challenging. And to secure our long-term growth and profitability, we will pursue our efforts to realign the organization and the processes within the Lufthansa Group, to continuously further enhance our competitive credentials."

Slight increase in passenger numbers

Some 12.465 million customers flew SWISS in the first nine months of 2015, a 1.2% increase on the 12.312 million of the same period last year. A total of 110,027 flights were operated during the period, up 0.3% from the 109,740 of January-to-September 2014.

SWISS offered 1.6% more capacity systemwide in the first nine months of this year in available seat-kilometre (ASK) terms. Total traffic volume, measured in revenue passenger-kilometres (RPKs), rose by 1.4%. Systemwide seat load factor amounted to 83.9%, a 0.1-percentage-point decline from the 84.0% of the prior-year period. On the airfreight front, total nine-month cargo sales declined 2.3% in tonne-kilometre terms, while cargo load factor (by volume) fell 3.7 percentage points.

Systemwide seat load factor for the third-quarter period amounted to 88.6%, a rise of 0.2 percentage points. Third-quarter ASK capacity was raised 2.0%, while RPK traffic volume was a 2.3% improvement. Tonne-kilometre cargo sales were down 5.5%, while the cargo load factor was 5.1% below its prior-year level.

Personnel changes

As part of the broader realignment of the Lufthansa Group announced in September, Thomas Klühr was named to succeed Harry Hohmeister as SWISS CEO. He will assume his new duties on 1 February 2016. August saw Reto Francioni proposed for election to the SWISS Board of Directors. He is viewed as the successor to Bruno Gehrig as Chairman of the Board. Swiss WorldCargo also saw a change at the top: Ashwin Bhat took over from Oliver Evans as Chief Cargo Officer on 1 October.

Boeing 777-300ER to enter service soon

The Boeing 777-300ER, SWISS's new fleet flagship, is due to enter revenue service early in 2016. A total of nine Triple Sevens will gradually be integrated into the aircraft fleet. In SWISS configuration the new long-haul twinjets will offer 340 seats, and will boast a state-of-the-art cabin product in all three seating classes which will also include wireless internet connections. The new Boeing 777s will mainly be deployed on routes to Asia, South America and the US West Coast. Their arrival will also generate 360 new cabin crew jobs over the next few years.

SWISS will be creating at least 150 further jobs between 2016 and 2018 as a result of the arrival of its totally newly-developed Bombardier CSeries aircraft for its short- and medium-haul routes. The first of these is scheduled to be delivered in mid-2016. A total of 30 of the new CSeries are on order. And by 2018, their delivery will give SWISS one of the youngest European fleets.

A further award

SWISS was named "Europe's Leading Airline Business Class" in the 2015 World Travel Awards. This is the fifth year in succession that it has earned this distinction, which covers both its short-haul and its long-haul services.

Outlook

The strength of the Swiss franc will continue to burden SWISS's revenue and earnings volumes. But in the present circumstances, the company still expects to post favourable financial results for 2015 as a whole and an EBIT that is a substantial year-on-year improvement. Expectations here are buoyed by the sustainable positive impact of the SCORE programme, and by the low oil prices and their beneficial effects.

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