SWISS INTERNATIONAL AIR LINES LIMITED

SWISS is the national airline of Switzerland, operating scheduled services to 70 destinations in 42 countries in Europe, North America, South America, Africa and Asia.

Global Overview of Swiss International Air Lines Limited

Swiss International AirLines or SWISS is the national airline of Switzerland, formed in 2001 after the closure of erstwhile Swissair. It operates scheduled services to 70 destinations in 42 countries in Europe, North America, South America, Africa and Asia. In five short years since commencement of operations on March 31, 2002, SWISS has been winning “Best Airline” awards under various categories. In 2006 it was rated as the “Best airline for Europe” in the coveted Business Traveller awards. The overall top spot was the result of the airlines excellent ranking in specific areas like cabin crew services, ground services, cabin comfort and in-flight food and drink categories. SWISS also earned third place, overall, in the category of best airline to the Middle East and Africa category.

Initial years of struggle and determination to stay aloft in a highly competitive market has paid off for SWISS. It increased its capacity utilisation in 2006 by 1.7 percentage points over the previous year, and achieved an average seat load factor (SLF) of 79.8 per cent for its entire route network.

On its intercontinental routes, the SLF stabilised at 83.8 per cent per year (in 2005 it was 84 per cent). SWISS carried a total of 10.5 million passengers in 2006, up from 9.6 million passengers in 2005. The volume-based freight load factor for 2006 was 85.5 per cent as compared to 86.5 per cent in 2005.

SWISS operates from airports in Zurich, Basel and Geneva, with its main hub at the Zurich Kloten Airport (ZRH). The airline has a fleet of 73 technically advanced aircraft, having an average age of 8.4 years. The fleet consists of 9 Airbus A340-300 and 11 Airbus A330 that are used on the intercontinental routes and 6 Airbus A321, 16 Airbus A320, 7 Airbus A319, 20 Avro RJ100 and 4 Avro RJ85 that constitute the short-haul regional fleet.

<table>
<thead>
<tr>
<th>Company</th>
<th>Mode of presence in India</th>
<th>Year of entry</th>
<th>Key business</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWISS International Air Lines Ltd.</td>
<td>Representative Office</td>
<td>Present earlier as Swissair</td>
<td>Airline service</td>
</tr>
</tbody>
</table>
After the formation of SWISS, a new company called Air Trust was set up to hold SWISS shares. On March 22, 2005, Lufthansa, one of the world’s biggest airlines, confirmed its plan to integrate SWISS into the Lufthansa group, starting with a minority stake holding. Currently, Lufthansa owns a 49 per cent stake in Air Trust, and a Switzerland-based foundation owns the other 51 per cent. Even after Lufthansa takes full ownership up full ownership of Air Trust at a later stage, SWISS will continue to be Switzerland’s flagship carrier, maintain its own management, its premium brand image, and its headquarters at Zurich. Lufthansa and SWISS together aim to synergise various airline operations for the mutual benefit of their growing customer base. The most important aspect of the integration is that it will produce clear benefits for their customers - more destinations, better connections, harmonised fares, comprehensive frequent-flyer programme and reciprocal lounge access across the globe.

Recently, SWISS was invited to join the Star Alliance. SWISS became the 17th member of the world’s biggest airline grouping, enabling it to offer its customers a truly global network and all the benefits that alliance membership entails. For SWISS, joining Star Alliance is a “major strategic milestone,” said SWISS CEO, Christoph Franz at the formal accession ceremony. “It creates a comprehensive network of air services and connections for our passengers that truly spans the globe. The co-branding of aircraft among Star Alliance members also helps to raise the awareness of the alliance and its benefits among our customers. And we are proud to carry the Star Alliance logo on our aircraft throughout our route network.”

In April 2006, SWISS’ loyalty programme, Swiss TravelClub, was integrated into Miles & More, Europe’s leading frequent flyer programme, presenting an opportunity to its customers to earn or redeem miles over a huge network of 842 flight destinations in 152 countries and use of over 660 lounges around the world. A wide range of further privileges and benefits are available through hotel, car rental and merchandising partners.

**SWISS in India**

In India, SWISS offers a daily non-stop service between Mumbai and Zurich using an Airbus A330 aircraft. Additionally SWISS also offers a code-share
service out of Delhi. It has its own office located at Mumbai with representations in major cities like Ahmedabad, Bangalore, Chennai, Delhi, Goa, Hyderabad, Indore, Kolkata, Pune and Vadodara. A cabin crew base in Mumbai for the Indian crew is foreseen in the very near future. In 2006, on the Mumbai-Zurich route, SWISS carried over 60,000 passengers.

Key Success Factors in India

Growing Indian passenger traffic
Due to increasing income levels of middle class segment of Indian population there has been a boost in the passenger traffic out of India to various destinations in Europe for leisure tourism. Simultaneously there has been an increase in the traffic of business travellers, who are on the lookout of new business opportunities in the US and Europe. SWISS is not only targeting an increase in the leisure segment, but is also focusing on the new and growing entrepreneurs in the country. Its world-wide sales network ably supports these efforts. Switzerland as a destination continues to post impressive double digit growth figures and SWISS is well positioned to offer a high quality reliable product at competitive prices in this market.

Buoyant Indian economy
The buoyant Indian economy offers immense scope for expansion for the airline industry. Reforms introduced by the Indian government have provided momentum to the growth of air traffic to and from India. The Indian tourism industry has also been driving the growth in international air traffic to India. Growing at a considerable pace, the increased demand has also helped SWISS maintain a viable and successful operation to India.

Future Plans

India is a very important market for SWISS. It is a dynamic, fast evolving market that represents great potential and is therefore a high priority on SWISS’ roadmap for the future. The forward looking and progressive attitude of the government in encouraging international air traffic and initiatives to bolster and modernise airport infrastructure in the country is commendable. This augurs well for both consumers and service providers.