

## **The 2011 business year: an outstanding performance through consistent cost control, revenue gains and operational improvements**

**Geneva, 4 April 2012.** Skyguide reports an operating surplus of CHF 27.97 million for 2011 (compared to an operating deficit of CHF 11.69 million for the previous year). The favourable operating result was achieved through consistent cost control and additional revenues, and despite adverse currency movements. Following changes to the corresponding legal parameters, 2011 saw skyguide receive its first-ever compensation for the services it provides at regional airports and in the adjoining airspace of neighbouring countries delegated to its control, for which it had previously received no or inadequate remuneration. As a result of the revised financing arrangements, skyguide will be able to eliminate its current accumulated deficit in the next few years. In operational terms, too, the work and development effected over the past years have placed the company in a strong and viable position.

### **More revenues and stable costs**

On the revenue front, skyguide (Switzerland's joint-stock company for civil and military air navigation services) felt the benefit of a 3.1% year-on-year increase in air traffic volumes. The company also profited last year from an amendment to the Swiss Federal Aviation Act which meant that – for the first time – it was at least partially compensated for the air traffic management services it provides in the adjacent areas of German, Italian and Austrian airspace that have been delegated to its control. Moreover, with the implementation of the new special funding arrangements for air transport, the Swiss government supplied skyguide with a first tranche of the proceeds from its mineral oil tax fund, in acknowledgement of the air navigation services which the company provides at Switzerland's regional airports. As a result of the above developments, skyguide reports total operating revenue for 2011 of CHF 427.18 million, a 17% increase on the CHF 364.86 million of the previous year. The company passed on part of these increased revenues to its customers, by lowering its approach charges for Geneva and Zurich airports. The extra revenues will now also enable skyguide to gradually reduce the CHF 99 million deficit which it has accumulated over the past few years. Total operating expense for 2011 amounted to CHF 399.21 million. The 6% increase on the CHF 376.55 million of 2010 is attributable primarily to the payment of skyguide's Eurocontrol membership fee: this was previously paid by the Swiss government, but is now paid by the company itself. The operating result for the year was a surplus of CHF 27.97 million – a substantial improvement on the CHF 11.69 million deficit incurred for 2010 that is attributable in no small part to continued rigorous cost controls. The overall net result for the year amounted to a surplus of CHF 28.35 million, which compares to a surplus of CHF 6.1 million for 2010. "We are delighted that, thanks not least to its improved business and operating parameters, skyguide can present a balanced result for 2011," says Chairman of the Board Guy Emmenegger. "We have been working towards this objective for several years now, and would like to take this opportunity to thank our politicians, the authorities and our further partners for all their support."

### **Adverse currency movements**

The strength of the Swiss franc posed a particular challenge last year. Skyguide earns most of its revenues in euros, while almost all of its costs are in Swiss francs. As well as the resulting exchange-rate losses, these currency movement developments also had the effect of artificially inflating skyguide's route charges; and this in turn damaged the company's competitive credentials in broader European terms. "The recent currency trends are a genuine cause for concern," confirms Daniel Weder, skyguide's CEO, "and we are looking at various options to limit future income losses here."

### **An outstanding operating performance**

Once again, skyguide delivered a strong operating performance for the year as a whole. Despite the higher traffic volumes, the punctuality of the flights managed reached a new record high: 96% of all flights were handled without delays (compared to 95% for the year before). For en-route traffic, the delays attributable to air traffic services were lowered by as much as 60% year-on-year. The favourable operating performance for 2011 can be ascribed to various actions that have been taken to raise system capacity. These have included intensified recruitment activities to increase air traffic controller numbers. Last year also saw the adoption of a new planning tool that enables personnel resources to be assigned even more effectively in response to projected traffic volumes.

### **Slow progress with FABEC**

Switzerland and skyguide continue to work together with Belgium, France, Germany, Luxembourg and the Netherlands to create Functional Airspace Block Europe Central (FABEC), one of the nine new "functional airspace blocks" of the planned Single European Sky. The new larger airspace blocks are intended to enhance the performance and efficiency of Europe's air traffic management system. Progress last year in the FABEC collaboration process was slower than planned. The parties involved still have differing views and positions on the integration steps required, substantially so in certain areas. The overall umbrella organisation of the air navigation service provider within FABEC demanded by skyguide, for example, could not be established. All the parties involved will have to collaborate more closely if major progress is to be made in the FABEC venture; and much work still clearly lies ahead before the vision of a Single European Sky becomes an operating reality.

### **Outlook for 2012**

After a highly encouraging 2011, skyguide expects 2012 to be a difficult business year. The main reason for such caution is the uncertain economic climate in Europe, which is itself the result of the current debt crisis. Traffic growth projections for the year have already been downwardly revised, and the volumes expected are currently slightly below those of 2011. Skyguide does not expect to see renewed traffic growth before 2013. The uncertainty over the euro casts a further cloud over the prospects for 2012 in business terms. From 2012 onwards, all of Europe's air navigation service providers – including skyguide – will be issued with concrete and highly ambitious financial and capacity performance targets by the European Commission. Given the foundations it has laid over the past few years, skyguide is well equipped to meet and master the challenge of competing in this European environment.

Skyguide's 2011 Annual Report is available online at:  
<http://www.skyguide.ch/en/discover/publications/publications/annual-report/>

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Skyguide is responsible for providing air navigation services within Swiss airspace and in the airspace of certain adjoining regions in neighbouring countries. The company guides the civil and military aircraft entrusted to its care – around 3,270 flights a day or 1.2 million a year – through the busiest and most complex airspace in Europe. Skyguide is a non-profit limited company which has its head office in Geneva. The majority of its shares are held by the Swiss Confederation. The company generated total operating revenue of over CHF 427 million in 2011, and employs some 1,400 people at 14 locations in Switzerland. Skyguide is a member, together with its partner organizations in Belgium, France, Germany, Luxembourg and the Netherlands, of the FABEC initiative to create a common functional airspace block that will bring greater efficiency to Central Europe's air traffic management services and activities.

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