

Skyguide's 2013 business year: further consolidation and, thanks to rigorous cost management, a positive result despite traffic declines

Geneva, 25 March 2014. Skyguide delivered a further outstanding operational performance in 2013. The Swiss air navigation services provider's safety management system saw another improvement in its already high maturity, rising from 82.3% to 86.2% in the corresponding Eurocontrol assessments. And, while they are achieved in the most complex airspace in Europe, its punctuality levels remain extremely high: despite adverse weather factors, skyguide handled 96.5% of its flights without delays. The company also posted an operating surplus of CHF 33.59 million (EBIT) for the year (compared to an operating surplus of CHF 29.95 million for 2012), as continued rigorous cost management helped largely offset a further 2.5% fall in annual traffic volumes and the corresponding tangible decline in revenues from its core air traffic management business.

Traffic volumes still declining, but revenue losses partly offset by strict cost management and third-party business

The annual volume of air traffic handled by skyguide declined again in 2013 by a further 2.5%. With a total volume handled for the year of 1.142 million flights, this amounted to a decline of some 30,000 flights. Total operating revenue fell accordingly: the CHF 438.49 million earned was 0.4% below the CHF 440.18 million of 2012. The revenue decline in skyguide's core business was largely offset, however, by rigorous cost management and income from third-party activities. Despite the tough business and operating conditions, skyguide was able to reduce the approach charges for its customers at Zurich and Geneva airports by 2%. And, once again, part of the revenue generated was used to further reduce the deficit which had accumulated over previous years, from the CHF 84.13 million at the end of 2012 to CHF 65.3 million at the end of 2013. Total operating expenses amounted to CHF 404.90 million, a 1.3% improvement on the CHF 410.23 million of the previous year. 2013 was the second year in which skyguide received the now-legally-enshrined remuneration from the Swiss government for the air traffic services it provides in adjacent airspace areas of neighbouring countries that have been delegated to its control. The company also received compensation – albeit slightly reduced – from the mineral oil tax levied on aviation fuel, as remuneration for the air traffic services it provides at Switzerland's regional airports. The operating result for the year amounted to a surplus of CHF 33.59 million, a 12.2% increase on the CHF 29.95 million operating surplus of 2012.

"We are pleased with these 2013 results," says skyguide's Chairman of the Board Guy Emmenegger. "Our company worked well last year and further consolidated its position. The safety in our airspace is very high," he continues. "And we have also reduced the volumes of delays attributable to us by over 80 per cent in the last ten years, an achievement that has major financial benefits for our customers. We have been making huge efforts on our own cost front, too; but these have been at least partly thwarted by the further declines in air traffic volumes."

Consolidation, innovation and third-party business: the recipe for the future

With air traffic volumes still stagnant or declining in Central Europe, skyguide must seek and take new paths if it is to ensure its continued financial success. Business

Model Skyguide, the strategic programme currently being implemented, is making a substantial contribution to raising the company's efficiency at a structural (and thus a sustainable) level. "What we also need are new ideas, though," says skyguide CEO Daniel Weder, "if we are to offset the continued loss of revenues in our core business. As the air navigation services provider of a small country like Switzerland, we must gain and maintain the flexibility to respond swiftly to changes and developments in our business and operating environment. Innovative ideas and tapping into new business areas can help us constantly enhance our efficiency and thereby secure our longer-term future."

Outlook for 2014

After a difficult 2012 and a mixed 2013 which reflected the economic uncertainties in Europe, skyguide expects 2014 to be a third business year in succession of stagnating revenues from its core business, and one which is likely to see only a slight increase at best in traffic levels. The company's expectations here are also in line with the broader view within the industry, which has tended to be far too optimistic in its projections in recent years. At the same time, skyguide has taken all the actions it can to minimise the adverse impact of any renewed weakening of the current economic trends.

The 2013 Skyguide Annual Report is available online at:

<http://www.skyguide.ch/en/discover/publications/publications/>

skyguide
swiss air navigation services ltd.
media relations
CH-1215 Geneva 15

Contact:

phone: +41 22 417 4008
email: presse@skyguide.ch
internet: www.skyguide.ch

Skyguide is responsible for providing air navigation services in Switzerland and in certain parts of neighbouring countries. With its workforce of 1,400 employees who are active at 14 locations in Switzerland, skyguide safely and reliably guides over 3,100 civil and military flights a day – or 1.1 million a year – through the busiest and most complex airspace in Europe. Skyguide is committed to continuous improvement, targeted innovation and creative collaboration. Together with its partner organisations in Belgium, France, Germany, Luxembourg and the Netherlands, skyguide is a member of the FABEC alliance to manage Central European airspace. Skyguide is a non-profit limited company, the majority of whose shares are held by the Swiss Confederation. Its head office is in Geneva.
