

MEDIA RELEASE

SWISSPORT TO CEASE GROUND SERVICES IN BELGIUM / CARGO HANDLING IN BRUSSELS AND LIÈGE NOT AFFECTED

Swissport Belgium SA/NV, a subsidiary of Swissport International AG, which has been providing ground services at Brussels airport, will file for bankruptcy alongside Swissport Belgium Cleaning SA/NV after all attempts to turn around the notoriously loss-making unit failed. The group's cargo business in Brussels and Liège is not affected.

After many years of loss-making operations, Swissport Belgium SA/NV and its subsidiary Swissport Belgium cleaning, which have been providing ground and cleaning services at Brussels airport, will file for bankruptcy and prepare to cease operations. The two Belgium entities have for many years relied on repeated liquidity provisions from their parent Swissport International AG. During years of financial support by the group, numerous local efforts to turn around the business failed. The funding need for the two entities has been further exasperated by the COVID-19 crisis and the expiration of the largest airline customer contract in just a few months gives great revenue uncertainty for the future. Despite close consultations with unions, key airline customers and Brussels Airport, local management could not present a plan to warrant additional funding by the group.

The group's cargo business at Brussels and Liège airports is a separate legal entity and is not affected. It will continue to operate and to provide key logistics for Belgian and European imports and exports by air.

"After years of providing financial support to our loss-making Belgian ground handling unit and after numerous failed attempts at turning around the business, we had to acknowledge that there were no viable options left on the table and no positive prospects on the horizon," says Eric Born, Group President & CEO of Swissport International AG. "Our Belgian directors and their teams worked with utmost commitment to secure the survival of the business but could ultimately not underpin their turnaround plan with the required long-term customer contracts. Absent of a healthy portfolio of such contracts and absent of a competitive cost base, our ground handling business in Belgium would continue to rely on funding from the group. Unfortunately, this is no longer an option in the current market environment, which is challenging for the entire industry."

Swissport International AG decided not to provide future funding to its Belgian ground handling subsidiary after an evaluation of all available options by the local management team. While some progress had been made as of late, the global market collapse in the wake of the COVID-19 crisis has blocked the narrow path to recovery for Swissport Belgium SA/NV and Swissport Belgium Cleaning SA/NV for the foreseeable future. In the current global market environment any additional funding by Swissport International AG was not a workable option.

Beyond the chronic challenges in Brussels, the current market crisis is forcing Swissport International AG, the parent company of Swissport Belgium SA/NV, to adopt a stricter practice regarding the funding of any loss-making subsidiaries, as to safeguard the group's financial health. Due to the coronavirus pandemic, Swissport's global revenue collapsed by 80 percent and is only gradually starting to recover. The world's largest provider of airport ground services and air cargo handling with operations at 300 airports in 47 countries, in line with most industry experts, is expecting a drawn-out market recovery, with reduced demand for air travel well into 2021. There is little room for subsidizing local entities, which project losses even after global demand recovers.

The group is looking to raise additional liquidity to compensate for the revenue impact of travel bans imposed by governments around the world and to safely carry it through the market recovery. Swissport is exploring all avenues to strengthen its liquidity with a focus on the capital market. Discussions with lenders and investors to secure the required liquidity and to ensure the company's post-crisis stability are on a good path and Swissport remains confident to raise the necessary liquidity within the available time frame.

In 2019, Swissport International AG provided best-in-class airport ground services for some 265 million airline passengers and handled roughly 4.6 million tons of air freight in 115 cargo warehouses worldwide. Several of its warehouses have been certified for pharmaceutical logistics by IATA's CEIV Pharma and by the British MHRA. The world's leader in airport ground services and air cargo handling, with 64,000 employees, achieved consolidated operating revenue of 3.13 billion euros in 2019. At the end of December 2019, Swissport was active at 300 airports in 47 countries on six continents.

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