

الجزيرة Jazeera.

1Q19 Earnings
Conference Call

April 24, 2019



الجزيرة
Jazeera.

**1Q19 Earnings
Conference Call**

***Starting
shortly***



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Agenda

- ◆ **Headline Results**
- ◆ **Operational Highlights**
- ◆ **Outlook for Rest of 2019**
- ◆ **Financial Review**
- ◆ **Q&A**



Headline Results



Headline Results

1Q19 Operational Highlights

▲
Passengers
+31.2%

1Q19: 529.6 k
1Q18: 403.8 k

▼
Load Factor
-0.2%

1Q19: 75.6%
1Q18: 75.8%

▲
Utilization
+16.6%

1Q19: 13.8 hrs
1Q18: 11.8 hrs

▲
Yield
+6.8%

1Q19: KWD37.8
1Q18: KWD35.4

Headline Results

1Q19 Financial Highlights

Operational Revenue
KWD21.3 mn



1Q18: KWD14.3 mn
Difference: 48.4%

Operational Profit
KWD2.4 mn



1Q18: Loss of KWD459.3 k
Improvement: KWD 2.9 mn

Net Profit
KWD1.5 mn




1Q18: Loss of KWD321.9 k
Improvement: KWD1.9 mn


Headline Results

1Q19 Commercial Highlights

E-Commerce Sales


+17.1% Vs. 1Q18

Ancillary Revenue


+33.1% Vs. 1Q18

Operational Highlights

الجزيرة.
Jazeera.

تسجيل
الدخول الذاتي
SELF CHECK-IN

تسجيل
الدخول الذاتي
SELF CHECK-IN

Jazeera Terminal T5

1Q19
Updates

Net Profit:
KWD96.4 k

First quarter
of profitability



529.6 k
passengers
flew from
T5



264.8 k
departing
passenger



Introduced
self-check-
in kiosks



13%
transit
passengers



New
restaurants
and stores
opened

Network Market Shares

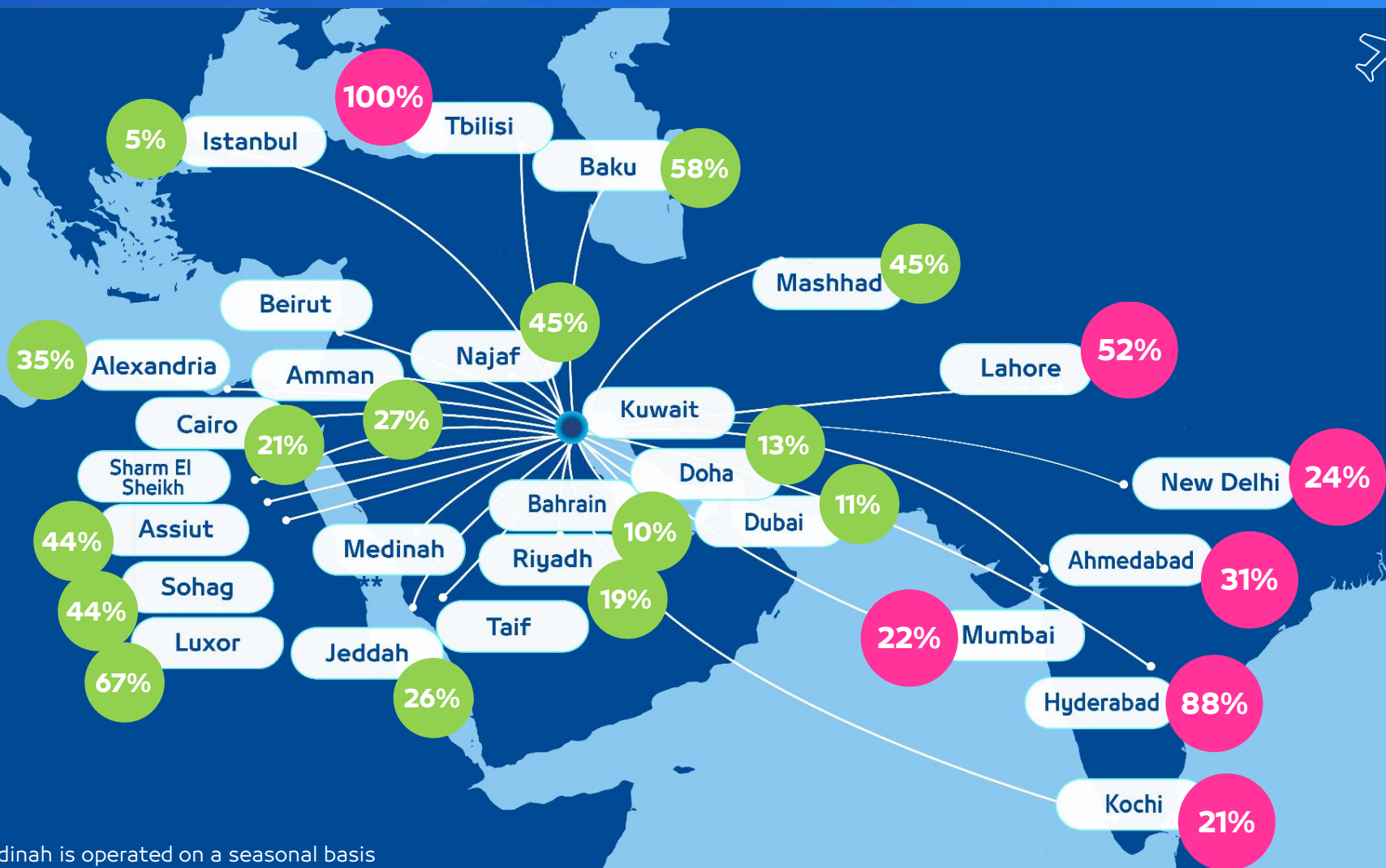


9 aircraft
up from 8 in 1Q18

Destinations launched In



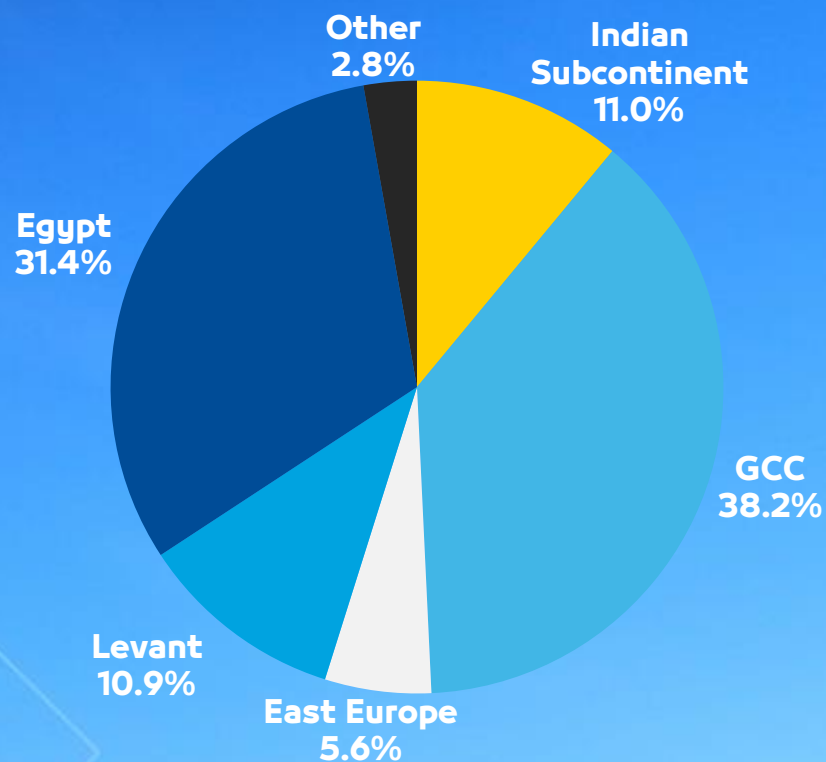
- Tbilisi
- Lahore
- Medinah
- Ahmedabad
- Kochi
- Mumbai
- New Delhi



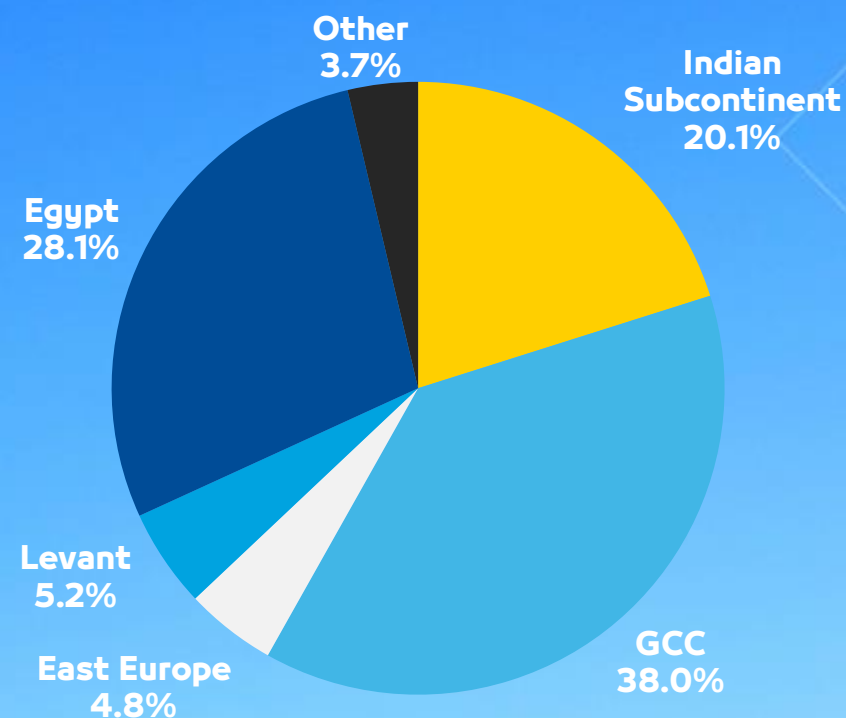
** Medinah is operated on a seasonal basis

Where Passengers Fly

Passengers Geographic Distribution
1Q18



Passengers Geographic Distribution
1Q19



Outlook for the Rest of 2019



2019 Expansions

New Destinations

London
Bodrum
Istanbul Sabiha
Kathmandu
Dhaka
Karachi

Aircraft Additions

Three new A320neo
Two short-term leases of A320ceo (One dry lease and another wet lease)

A320neo operational benefits:

- ▶ Significant fuel savings up to 18% over traditional engines.
- ▶ Allows more flying time expanding flying radius to +6.5hrs.
- ▶ Improved customer experience due to lower noise.

Facilities Expansion

Further expansion of services at Terminal 5

Financial Review



Key Parameters 1Q19

Operating Parameters	1Q18	1Q19	CHANGE
Average Aircraft	8.0	9.0	12.5%
Destination Cities	21	24	14.3%
Revenue Drivers	1Q18	1Q19	CHANGE
Seats	532,516	700,777	31.6%
Passengers	403,763	529,640	31.2%
Load Factor	75.8%	75.6%	-0.2%
Net Yield	35.5	37.8	6.8%
Profitability Drivers	1Q18	1Q19	CHANGE
Sectors	3,282	4,292	30.8%
Block Hours	8,487	11,134	31.2%
Utilization (BH per Day)	11.8	13.8	16.6%
Financial Performance	1Q18	1Q19	CHANGE
Operating Revenue	14,340,715	21,288,274	48.4%
Operating Expenses	14,799,993	18,905,804	27.7%
Operating Profit	-459,278	2,382,470	-
Net Profit	-321,895	1,468,662	-

Major reasons for favorable variances Vs 1Q18

- Yield increase impact of **KWD1.5 mn**
- Ancillary revenue increased by **KWD0.4 mn**
- Terminal 5 cash contribution (EBITDA) stood at **~KWD356.3 k**, first quarter of profitability

Capacity increased by 31.6% while aircraft increased by only 12.5%.

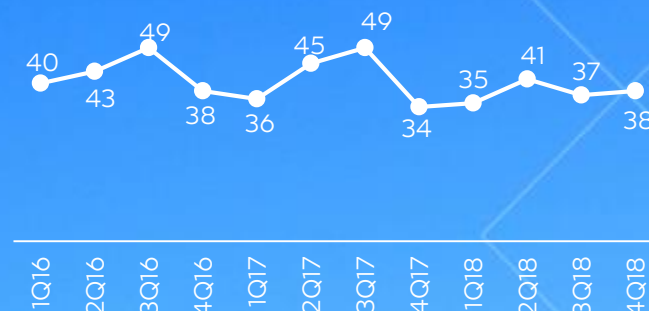
This was achieved by a 16.6% improvement in daily utilization of capacity.

Financial Position

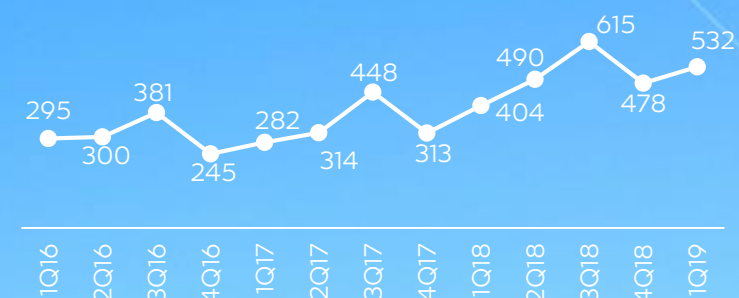
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	1Q18	1Q19	CHANGE
Cash	17,726,004	11,352,179	-56.2%
Fixed Assets	21,602,587	17,740,503	-17.9%
Total Assets **	57,393,591	120,064,702	109.2%
Total Liabilities **	19,546,366	86,539,357	342.7%
Total Equity **	37,847,225	33,525,345	-11.4%

YIELD BY QUARTER (KWD)



PASSENGERS BY QUARTER (000)

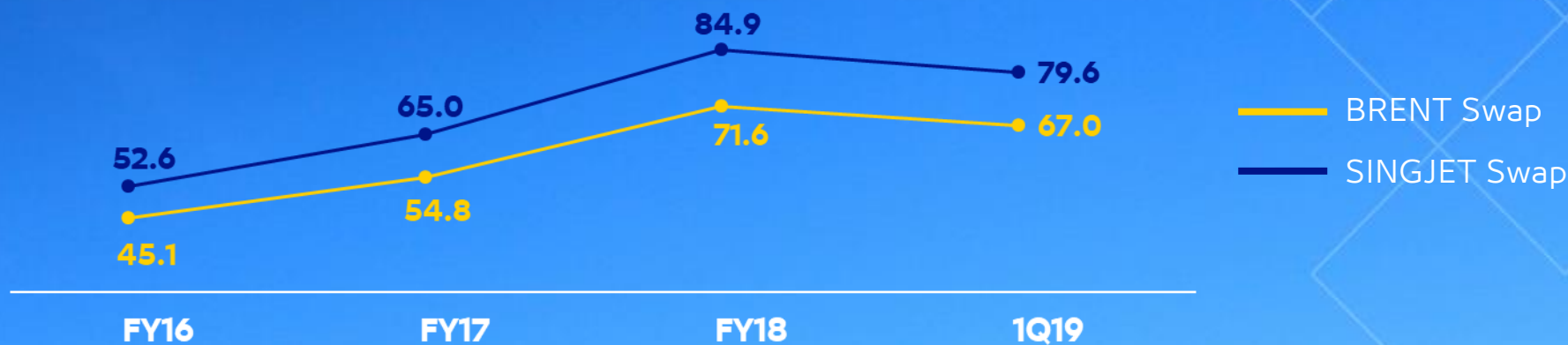


* AGM approved the distribution of KWD7 mn for the year 2018. Record date: 02 May 2019. Distribution date: 09 May 2019.

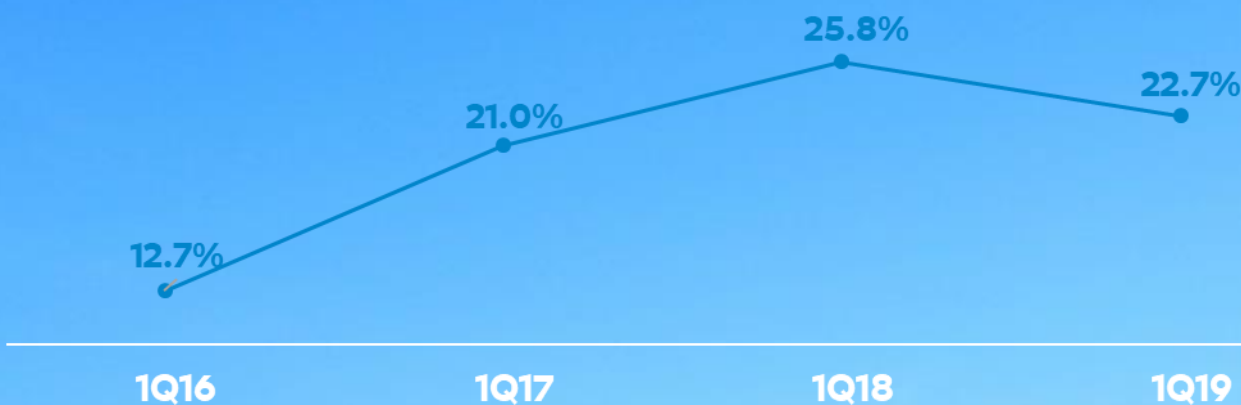
** Impact of IFRS 16 on leases.

Fuel Prices

BRENT Swap Vs. SINGJET Swap (USD/BBL)



Fuel as Percent of Revenue



Balance Sheet Analysis 1Q19

Current assets (cash and bank) have increased by ~KWD5 million mainly driven by:

- Operating cash profits from airline and Terminal 5 generated ~KWD2 million
- Terminal 5 cash contribution (EBITDA) stood at ~KWD356.3 k
- Trade payables increased by ~KWD2 million (primarily due to conversion of cash reserves with lessors to BGs)
- Advances collected from customers of about ~KWD0.5 million

Receivables remained at ~KWD15 million, similar to the previous quarter, though the recovery of receivables in April stood at ~KWD11 million

Net impact of IFRS 16 is a decrease in retained earnings of KWD5.7 mn and an increase of KWD46 k in net profit

Q&A



Key Contacts

For more information please contact

Krishnan Balakrishnan

VP Finance

krishnan.balakrishnan@jazeeraairways.com

Mostafa El-Maghraby

Head of Investor Relations

investorrelations@jazeeraairways.com

Jazeera Airways KSC is listed on the Kuwait Stock Exchange

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Thank you