

A photograph of an Emirates flight crew standing in a line, looking forward. In the foreground, a male pilot in a dark blue uniform and cap is visible. Behind him, several female cabin crew members in blue uniforms and headscarves are visible. The background is slightly blurred, showing what appears to be an airport tarmac.

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Jazeera.

**FY19 Earnings
Conference Call**

February 12, 2020

We celebrated our first anniversary operating out of the Jazeera Terminal 5 at Kuwait International Airport.

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**FY19 Earnings
Conference Call**

Starting Shortly...

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Agenda

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- ◆ The Group Today
- ◆ Financial Headlines
- ◆ Operational Milestones
- ◆ Outlook for 2020
- ◆ Financial Review
- ◆ Q&A

The Group Today

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2.4
million
passenger

Introduction of new
fares categories



13
aircraft

9 A320s
+ 4 A320neos

Five more
A320neos in 2020



37
airports

In the Middle East,
Europe and Asia

1st LCC to serve
GCC-UK route



830
employees

Strong
management

The Group Today

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Increased revenue from ancillary sources

Signed engine maintenance contract with CFM for our A320neo engines

Signed component maintenance contract with Airbus for the A320 aircraft

Signed up with SABRE to enhance distribution through their GDS network

Financial Headlines

Our team taking delivery of our second A320neo in October 2019

4Q19 Operational Highlights

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Passengers

+28.5%

4Q19: 614 k
4Q18: 478 k



Load Factor

+4.8%

4Q19: 75.5%
4Q18: 70.7%



Utilization

-7.0%

4Q19: 13.8 hrs
4Q18: 14.8 hrs



Yield

-15.7%

4Q19: KWD32.0
4Q18: KWD38.0

FY19 Operational Highlights

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▲	▲	▲	▲
Passengers	Load Factor	Utilization	Yield
+20.6%	+2.3%	+5.8%	+1.6%
FY19: 2.4 mn FY18: 2.0 mn	FY19: 77.5% FY18: 75.2%	FY19: 14.4 hrs FY18: 13.6 hrs	FY19: KWD41.5 FY18: KWD40.8

4Q19 Financial Highlights

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**Operating
Revenue**

+11.8%

4Q19: KWD20.9 mn
4Q18: KWD18.7 mn



**Operating
Profit**

-31.9%

4Q19: -KWD2.8 mn
4Q18: -KWD2.1 mn



**Net
Profit**

+34.8%

4Q19: -KWD1.2 mn*
4Q18: -KWD1.8 mn

* Includes KWD1.2 mn impact of engine sales

FY19 Financial Highlights

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**Operating
Revenue**

+25.9%

FY19: KWD103.7 mn
FY18: KWD82.4 mn



**Operating
Profit**

+108.7%

FY19: KWD14.2 mn
FY18: KWD6.8 mn



**Net
Profit**

+124.1%

FY19: KWD14.9 mn*
FY18: KWD6.7 mn

* Includes KWD1.2 mn impact of engine sales

FY19 Commercial Highlights

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**eCommerce
Sales**

16.3%
vs. FY18

26.7%
vs. 4Q18



**Ancillary
Revenue**

35.0%
vs. FY18

43.2%
vs. 4Q18

Operational Milestones

We operated a special flight to Baku for the UEFA final between Arsenal and Chelsea FC

FY19 Achievements

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Expanded network



Launched 8 new routes: 3 in Europe, 2 in the Middle East and 3 in Asia. The milestone launch was our route to London Gatwick.

Grew fleet



Took delivery of three new A320neos in 4Q19, bringing our fleet to 13 aircraft.

Strengthened team



Hired four new key positions:
COO, VP - Engineering &
Maintenance, CEO - T5 and VP
- Sales.

FY19 Milestones

New routes

- Sabiha Gokcen, Istanbul: April 2019
- Bodrum: May 2019
- London: October 2019
- Kathmandu: October 2019
- Osh: November 2019
- Karachi: November 2019
- Al Ain: December 2019
- Dammam: December 2019

New services

- Priority service
- Self-check-in kiosks at T5
- Jazeera Holidays

Awards

Aviation Company of the Year
2019 by Arabian Business

Operations

- Signed Flight Hour Services agreement with Airbus
- Signed new ground handling agreement to support continued expansion in KSA

Milestones in Images

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Launch of flights to LGW



Launch of flights to Al Ain



Signed Flight Hour Services Agreement with Airbus



Aviation Company of the Year



Launch of flights to Osh



Launch of flight to Kathmandu



Signed ground handling agreement with SGC



Launch of flight to Karachi



Introduced self-check-in kiosks at T5, KWI

FY19 Market Shares

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London

100%

Only airline operating
LGW. Market share for
LGW + LHR: 1.6%.

Destinations launched in:

Pre-
2018

2018

2019

Bodrum: May 2019, on hold in 4Q

London: October 2019

Kathmandu: October 2019, only airline on route

Osh: November 2019, only airline on route

Karachi: November 2019, only airline on route

Al Ain: December 2019, only airline on route

Dammam: December 2019, 4Q market share: 3.3%

* Beirut is operated on a seasonal basis

** Medina is operated on a seasonal basis

*** Istanbul market share combines flights to new Istanbul
International Airport and Sabiha Gokcen International Airport

Istanbul
IST + SAW

10%

Bodrum

48%

Beirut

34% Alexandria

Cairo

23%

45% Sharm El Sheikh

Assiut

42% Sohag

Luxor

41%

66%

Amman

29%

Medina

Jeddah

24%

Taif

10%

Tbilisi

78%

Baku

57%

Mashhad

41%

Najaf

41%

Kuwait

1%

Dammam

Bahrain

13%

Doha

13%

Al Ain

100%

Riyadh

21%

Dubai

12%

Karachi

100%

Lahore

49%

New Delhi

22%

Kathmandu

100%

Ahmedabad

25%

Mumbai

27%

Hyderabad

88%

21% Kochi

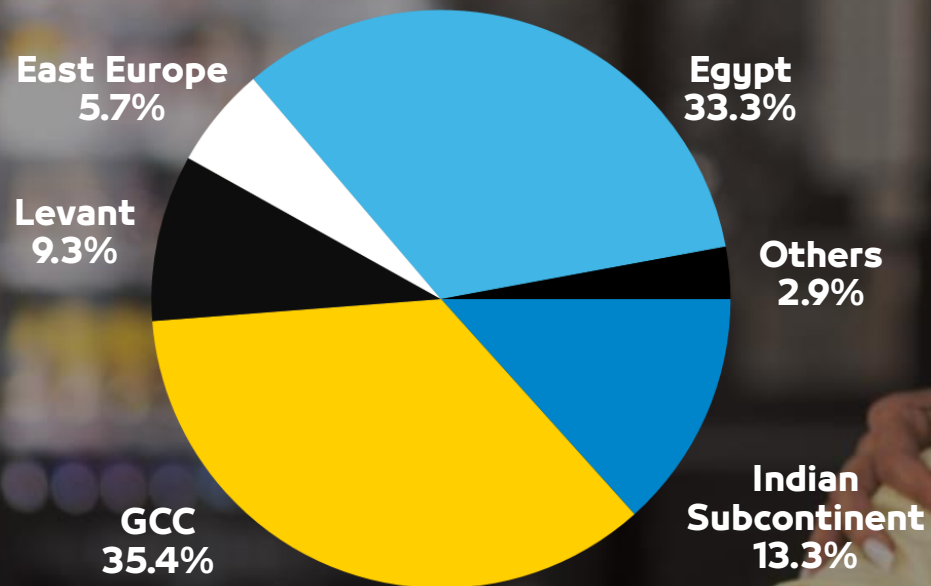
Osh

100%

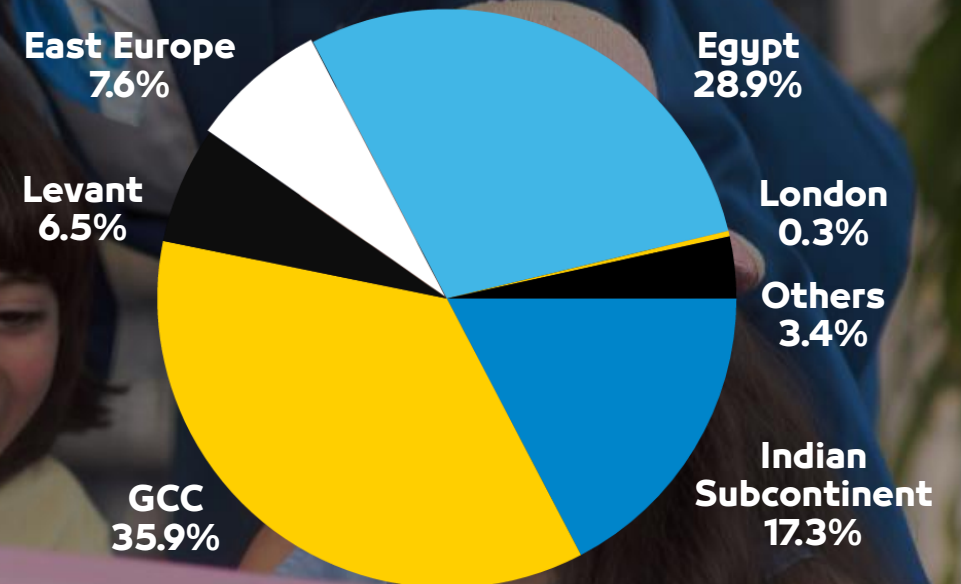
Where Passengers Fly

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Passengers Geographic
Distribution 2018



Passengers Geographic
Distribution 2019



Jazeera Terminal T5

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FY19

▲
KWD4.3 mn
Revenue

▲
KWD2.1 mn
EBITDA

▲
KWD1.2 mn
Net Profit

4Q19

▲
KWD1.2 mn
Revenue

▲
KWD684 k
EBITDA

▲
KWD482 k
Net Profit

**Retail
occupancy:**
45%

**VIV, business
lounge:**
264 sqm
profit share model

**Backlit screens
+ advertising
areas:**
leased on revenue
sharing basis

**DGCA + PACI
numbers:**
Completed for
leasing licensing

**Visa entry
desks:**
Operational
since 3Q19



2.4

million passenger

Outlook for 2020

H.E. the Kuwaiti Ambassador to UK on board our first flight that landed at LGW airport

2020 Expansions

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Expand network



New routes planned:

- Sharjah, UAE
- Chittagong, Bangladesh Dhaka, Bangladesh
- Qassim, KSA
- Hail, KSA
- Increased frequency on key routes

Expand fleet



Five new A320neos to be delivered in 2020

Introduced new fares



Introduced new fare categories at the start of 2020 to enhance our position as a leading LCC

2020 Expansions

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- From January 1, 2020, Jazeera Airways cancelled the Business Class to become a full low-cost economy carrier, with the exception of flights to Cairo and LGW
- This change in offering provides better revenue opportunities with the availability of more seats in the high load factor economy product
- A large part of the Business Class associated costs are eliminated by cutting costs on lounge access, complementary meals and others
- The single product model brings with it business process efficiencies, simplicity in operations and clarity of product definition.



Reinforcing the
LCC DNA
of Jazeera Airways



Cost Saving Initiatives

CFM PBH* for LEAP Engines

- Agreement with CFM, the original equipment manufacturer (OEM) of the LEAP engines on the A320neo aircraft, covers all maintenance costs during the entire lifecycle of Jazeera's A320neo engines
- Jazeera pays an hourly charge per engine flying hour for the coverage under this contract
- The committed rate is very competitive and removes operating cost uncertainty for Jazeera for the next 20 years



Signing of the CFM agreement

Airbus PBH* for Components

- Airbus PBH contract covers a major portion of the components on Jazeera's fleet
- This contract removes the uncertainty of the cost of repair/overhaul over the term of the aircraft life with Jazeera
- The Airbus components contract replaces an existing contract with a savings of ~40%

Cost Saving Initiatives

Part 145 Line Maintenance

- Kuwait Airways Engineering has been managing Jazeera's line maintenance since inception
- The growth of Jazeera's fleet has enabled it to execute part of the line maintenance in-house, achieving operational efficiencies
- Received the Part 145 approval from DGCA in January 2020
- Contract with Kuwait Airways Engineering was restructured for pay-per-use model effective April 1, 2020
- Jazeera's engineering team has already executed the required line maintenance on one aircraft and will gradually increase the number of aircraft under its maintenance over the next few weeks
- Cost savings expected is ~30%



First Flight Signed Off by Jazeera Engineers

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2020 Challenges

2020 is proving to be a bigger challenge than 2019 due to various factors:

- The operating environment has been challenging during the early weeks of 2020 with tensions in the region and heavy competition on most of our routes
- Corona virus has affected the traffic adversely though the actual impact can only be quantified in the next few weeks
- Yields have been under pressure due to fierce competition from airlines triggered by the low season
- Capacity is surpassing demand on many routes. The ability to attract more passengers even with lower yields has become a challenge

Financial Review

We landed at LGW with our first flight on October 27, 2019

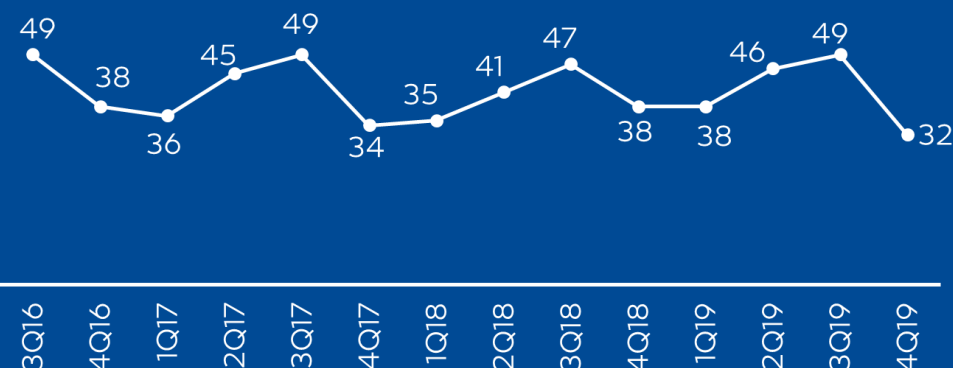
Key Parameters 4Q19

Operating Parameters	4Q18	4Q19	CHANGE
Average Aircraft	8.5	10.7	25.9%
Destination Cities	26	37	42.3%

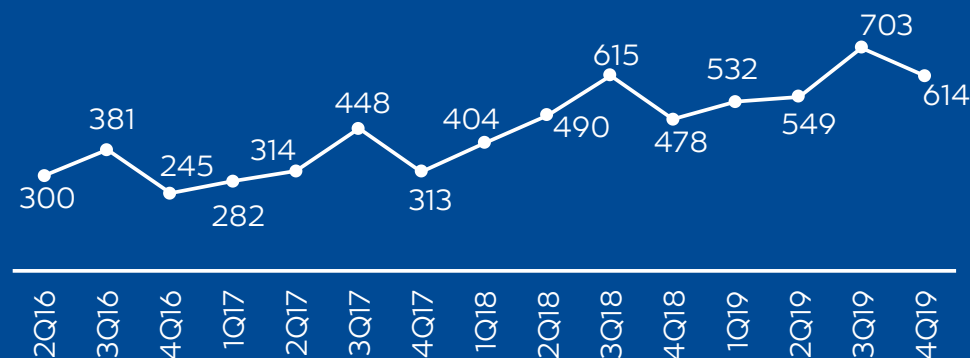
Revenue Drivers	4Q18	4Q19	CHANGE
Seats	675,644	813,233	20.4%
Passengers	477,988	614,248	28.5%
Load Factor	70.7%	75.5%	4.8%
Net Yield	37.9	32.0	(15.7)%

Profitability Drivers	4Q18	4Q19	CHANGE
Sectors	4,160	4,986	19.9%
Block Hours	11,154	13,564	21.6%
Utilization (BH per Day)	14.8	13.8	(7.0)%

YIELD BY QUARTER (KWD)



PASSENGERS BY QUARTER (000)



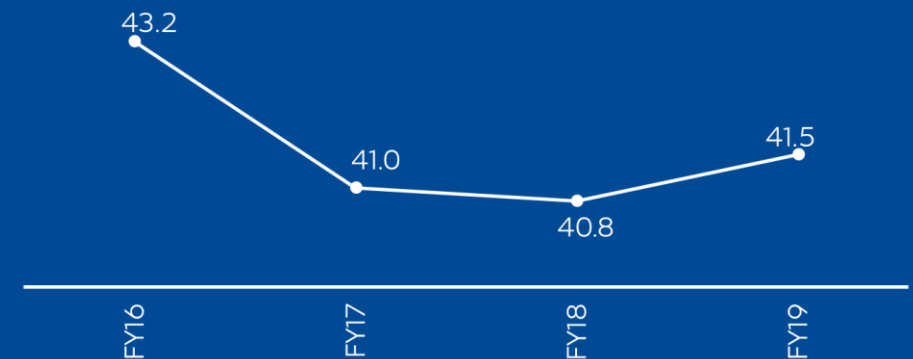
Key Parameters FY19

Operating Parameters	FY18	FY19	CHANGE
Average Aircraft	8.6	9.6	11.6%
Destination Cities	26	37	42.3%

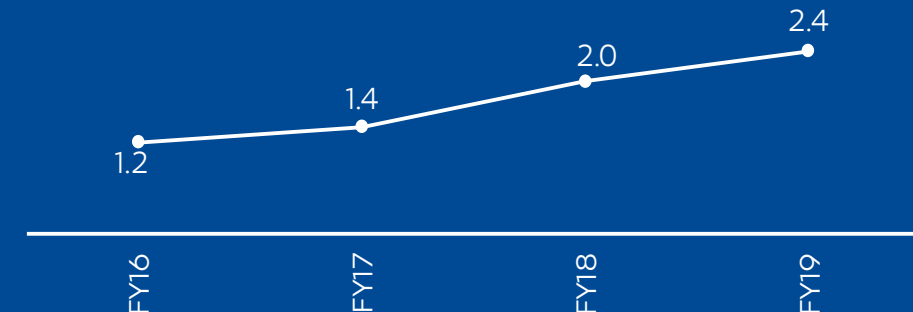
Revenue Drivers	FY18	FY19	CHANGE
Seats	2,642,110	3,093,523	17.1%
Passengers	1,987,286	2,396,321	20.6%
Load Factor	75.2%	77.5%	2.3%
Net Yield	40.8	41.5	1.6%

Profitability Drivers	FY18	FY19	CHANGE
Sectors	16,194	18,937	16.9%
Block Hours	42,540	50,206	18.0%
Utilization (BH per Day)	13.6	14.4	5.8%

YIELD BY YEAR (KWD)



PASSENGERS BY YEAR (mn)



Financial Position 4Q19

In KWD mn

	4Q18	4Q19	CHANGE
Operating Revenue	18.7	20.9	11.8%
Operating Expenses	20.8	23.7	13.8%
Operating Profit	(2.1)	(2.8)	21.9%
Net Profit	(1.8)	(1.2)	34.8%

	4Q18	4Q19	CHANGE
Cash	6.5	23.8	267.4%
Fixed Assets	22.0	20.8	(5.2)%
Total Assets *	62.9	166.7	165.1%
Total Liabilities *	25.0	126.4	405.0%
Total Equity *	37.8	40.2	6.4%

Major reasons for favorable variances Vs 4Q18

- Yield decrease year-on-year impact of **KWD2.8 mn**
- Passenger increase year-on-year impact of **KWD5.2 mn**
- Terminal 5 profit of **KWD482 k** versus loss of KWD (262k) in 4Q18
- Operating expenses increase of KWD2.9 mn primarily driven by higher level of operations

** Impact of IFRS 16 on leases

Financial Position FY19

In KWD mn

	FY18	FY19	CHANGE
Operating Revenue	82.4	103.7	25.9%
Operating Expenses	75.6	89.5	18.4%
Operating Profit	6.8	14.2	108.7%
Net Profit	6.7	14.9	124.1%

	FY18	FYQ19	CHANGE
Cash	6.5	23.8	267.4%
Fixed Assets	22.0	20.8	(5.2%)
Total Assets *	62.9	166.7	165.1%
Total Liabilities *	25.0	126.4	405.0%
Total Equity *	37.8	40.2	6.4%

** Impact of IFRS 16 on leases

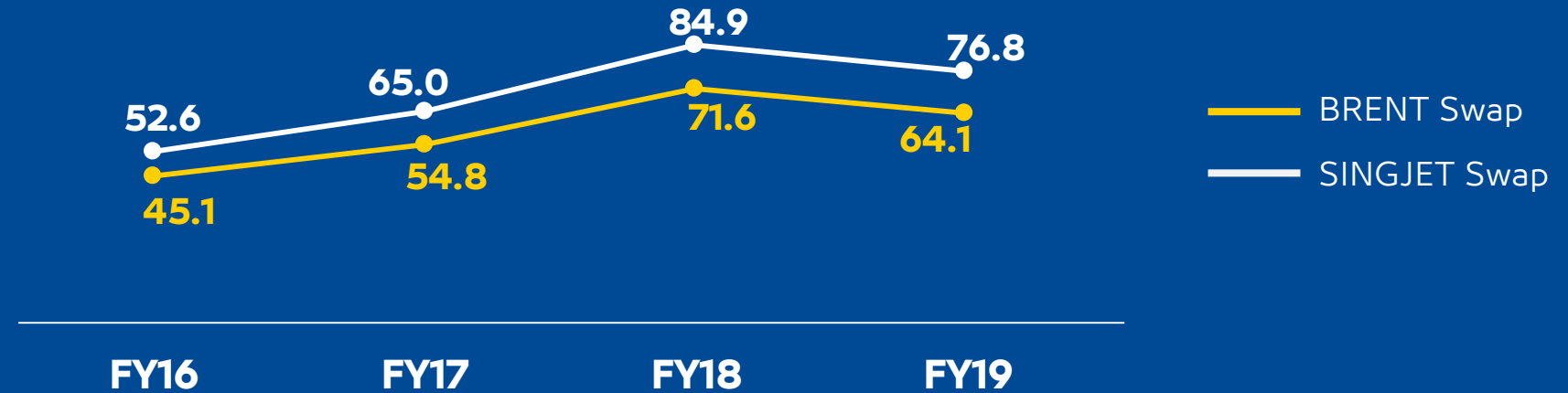
Major reasons for favorable variances Vs FY18

- Yield Increase year-on-year impact of **KWD3.6 mn**
- Passenger increase year-on-year impact of **KWD16.9 mn**
- Terminal 5 profit of **KWD1.2 mn** versus loss of KWD (570k) in FY18
- Operating expenses increase of **KWD13.9 mn** primarily driven by higher level of operations

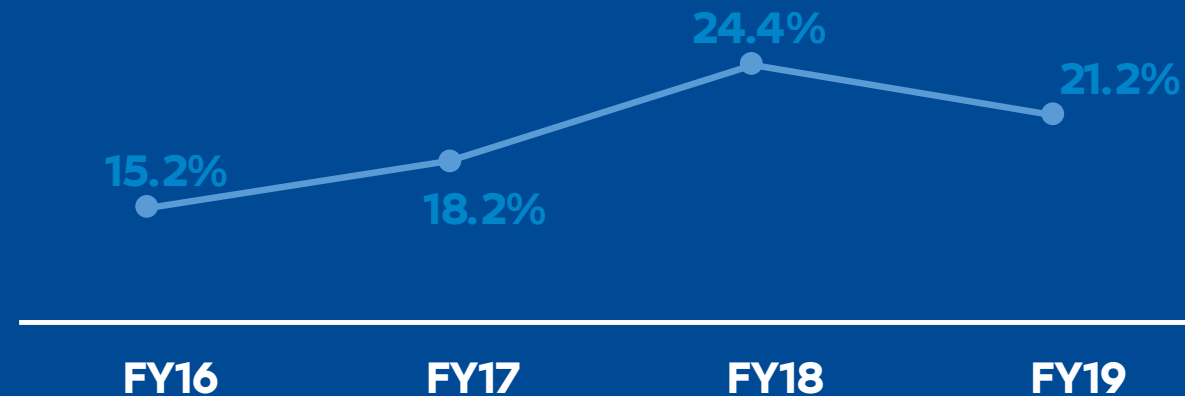
The Board of Directors proposed a dividend distribution of 67.5% of share capital, equivalent to KWD67.5 per share.

Fuel Prices

BRENT Swap Vs. SINGJET Swap (USD/BBL)



Fuel as Percent of Revenue



Balance Sheet Analysis 4Q19

Assets have increased by ~KWD103.8 mn mainly driven by:

- IFRS 16 Leased assets – KWD82.7 mn
- Cash and bank balance increase of KWD17.3 mn driven by:
 - increased operating cash profits
 - cash recovered from lessors through replacement of maintenance reserves by bank guarantees
- Increase of assets despite:
 - Payment of KWD7 mn dividend for FY18
 - Net cash flow on purchase and sale of engine and other assets: KWD0.3 mn

Liabilities have increased by KWD101.4 mn mainly due to:

- IFRS 16 Leased liabilities: KWD89.0 mn
- Replacement of maintenance reserves by bank guarantees issued to lessors against cash recovered
- Overall increase in operations

Q&A

Our team with H.E. the Kuwaiti Ambassador to UK at the landing of our first flight at LGW

Contacts

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For more information please contact:

Krishnan Balakrishnan

Chief Financial Officer

krishnan.balakrishnan@jazeeraairways.com

Mostafa El-Maghraby

Head of Investor Relations

investorrelations@jazeeraairways.com

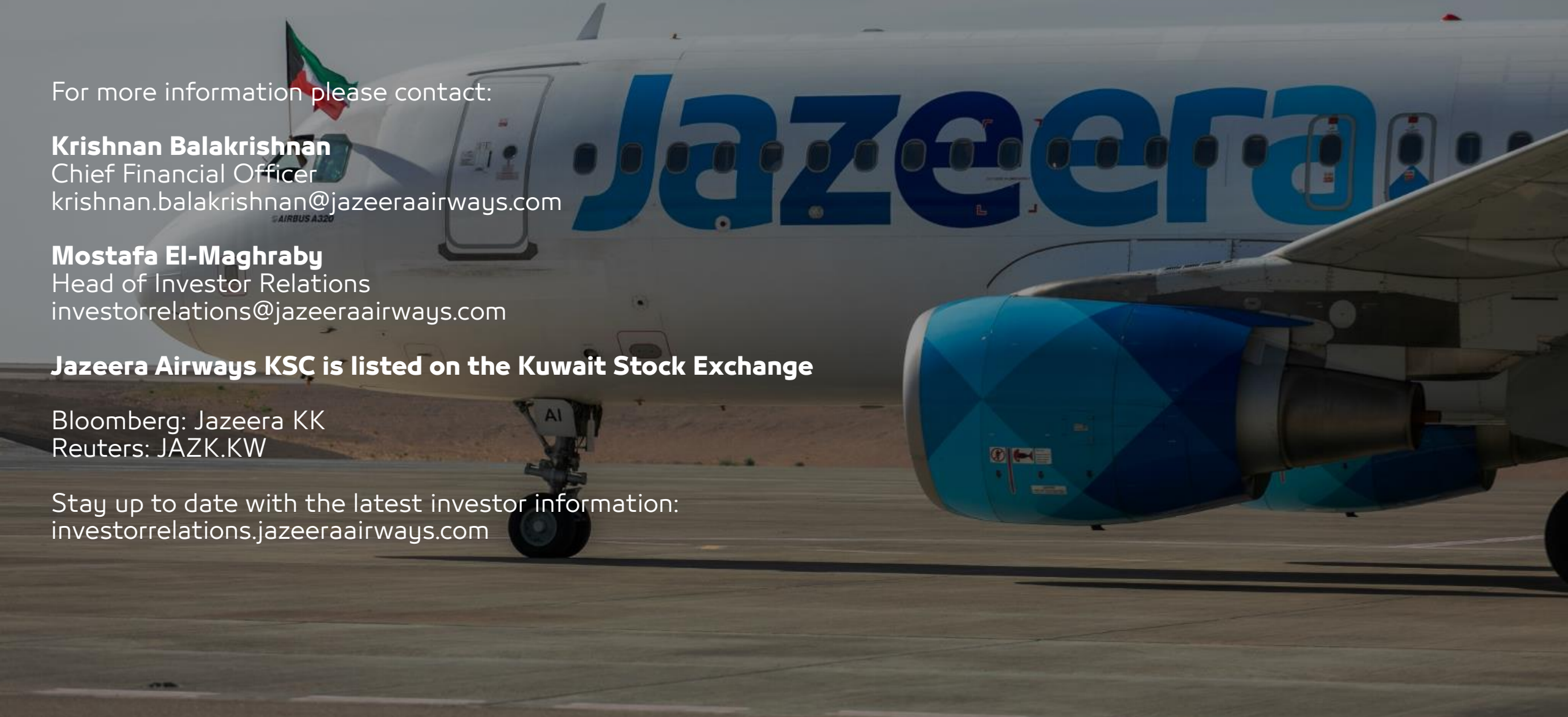
Jazeera Airways KSC is listed on the Kuwait Stock Exchange

Bloomberg: Jazeera KK

Reuters: JAZK.KW

Stay up to date with the latest investor information:

investorrelations@jazeeraairways.com





Thank you