

KUWAIT VACCINATION CENTER



مركز الكويت للتطعيم

1Q21 Earnings Conference Call

May 11, 2021



KUWAIT VACCINATION CENTER



مركز الكويت للتطعيم

Starting Shortly...

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Agenda

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- ◆ 1Q21 in Review
- ◆ Travel Status at Kuwait Airport and in Network
- ◆ Financial Headlines
- ◆ Operational Performance
- ◆ Outlook for 2021
- ◆ Financial Review
- ◆ Q&A



1Q21 in Review

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Operating under very limited capacity:

- Continued suspension of flights from 35 countries.
- Limited arrival capacity to only 1,000 Kuwaiti nationals per day since February 7, 2021

Capacity at KWI
down 80%



Continued focus on high-demand one-way and connecting flights:

Operated point-to-point and transit charter flights from and through KWI, specifically between Asia and the Middle East + Europe.

28% of passengers are
transit passengers



Launched New Destinations:

Launched flights to high demand destinations from Kuwait and network stations to serve large expat communities: Colombo and Addis Ababa.

Serving underserved
expat communities



Roll out of vaccination in Kuwait moving forward at high paced:

- +35% of the population vaccinated.
- Jazeera pilots, cabin crew and teams vaccinated.

Jazeera pilots and cabin
crew fully vaccinated

Travel Status at KWI and Network

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KWI

Suspension of commercial flights from 35 countries including the destination with the highest demand: India, Pakistan, Egypt, Lebanon, Nepal, UK.

Jazeera serves 16 of these suspended destinations.

JAZEERA NETWORK

Restrictions gradually lifted, enabling Jazeera to operate flights from point to point, and opening new routes to serve these points.

Focus on high traffic routes between GCC and Asia, as well as GCC and North Africa.

FINANCIAL HEADLINES

1Q21 Operational Headlines

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PASSENGERS

1Q21: 104.1 k
1Q20: 496.5 k

-79.3%



LOAD FACTOR

1Q21: 58.4%
1Q20: 75.6%

-17.2%



UTILIZATION

1Q21: 3.3 hrs
1Q20: 13.8 hrs

-75.7%



YIELD

1Q21: KWD74.9
1Q20: KWD36.5

+105.2%

1Q21 Financial Headlines

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OPERATING REVENUE

1Q21: KWD8.1 mn
1Q20: KWD19.0 mn

-57.1%



OPERATING LOSS

1Q21: -KWD5.3 mn
1Q20*: -KWD3.0 mn

-74.9%



NET LOSS

1Q21: -KWD5.2 mn
1Q20: -KWD6.0 mn

+14.0%

** 1Q20 operating expenses regrouped to adjust for finance expenses*

Terminal 5 Performance

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- Continued limited capacity operations at T5
- Some leases are still frozen

1Q21

KWD344.0 k

Revenue

1Q20: KWD825.9 k

-KWD69.1 k

EBITDA

1Q20: KWD398.1 k

-KWD396.5 k

Net Profit

1Q20: KWD110.1 k

NEW DUTY FREE

New duty free shop progressing

VIV

VIV operations growing for private flights and services

SUPPORT BUILDING

Support building to be operational soon

OPERATIONAL PERFORMANCE



Operational Performance

STRONG ASSETS: TRAFFIC RIGHTS

The airline's biggest asset today is its growing number of traffic rights. Jazeera acquired 9 new traffic rights: Dhaka and Colombo last year, and Addis Ababa, Tashkent, Yerevan, Bishkek, Sarajevo, Khartoum and Kabul in the current year.

FOCUS ON CONNECTING FLIGHTS

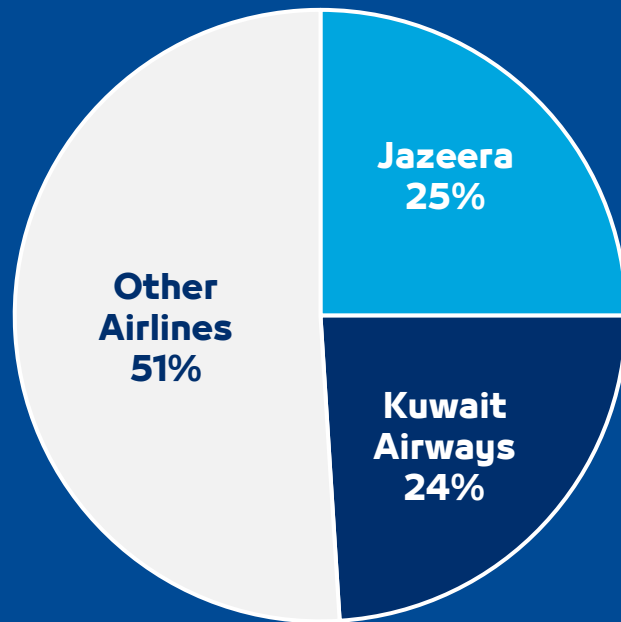
Jazeera has turned its focus on connecting flights, enabling it to cover costs by offering routes that target underserved segments of passengers within its network.

PERFORMING DESPITE RESTRICTIONS

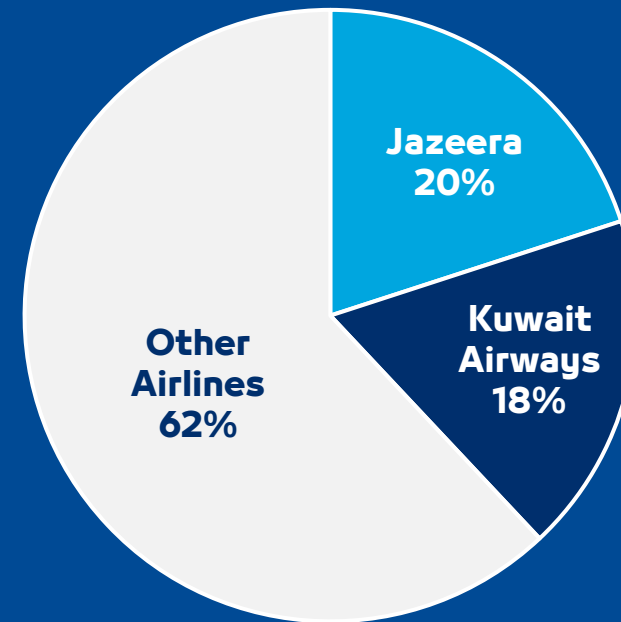
Jazeera grabbed the largest market share at KWI during March and April; a milestone despite the restrictions.

Market Share at KWI by Passengers

MARCH 2021



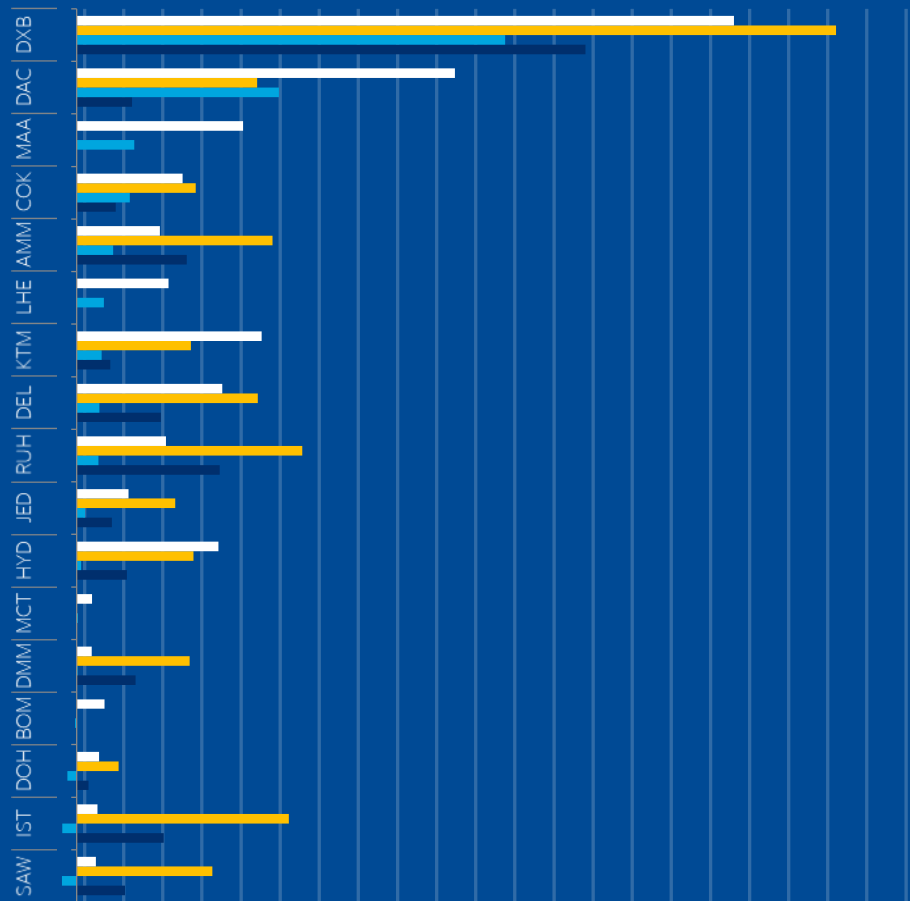
APRIL 2021



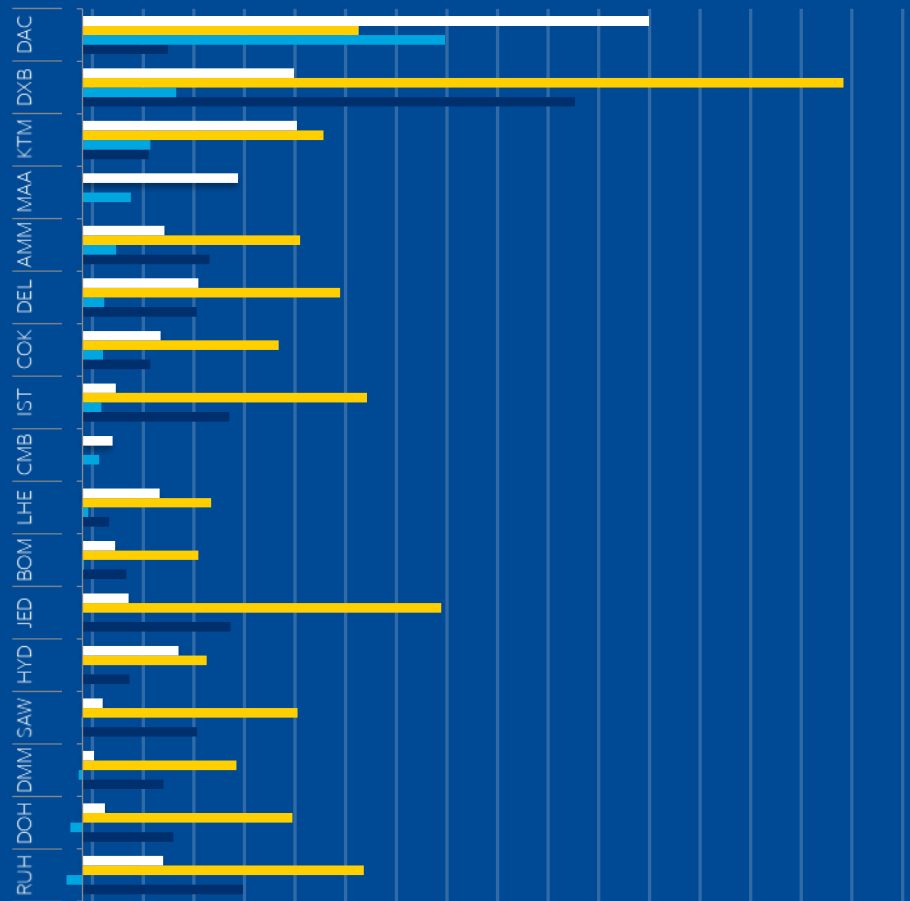
Jazeera grabbed the largest market share of operations at KWI during March and April 2021 despite restrictions.

Revenue by Route: Jan & Feb

JANUARY



FEBRUARY



Frequency

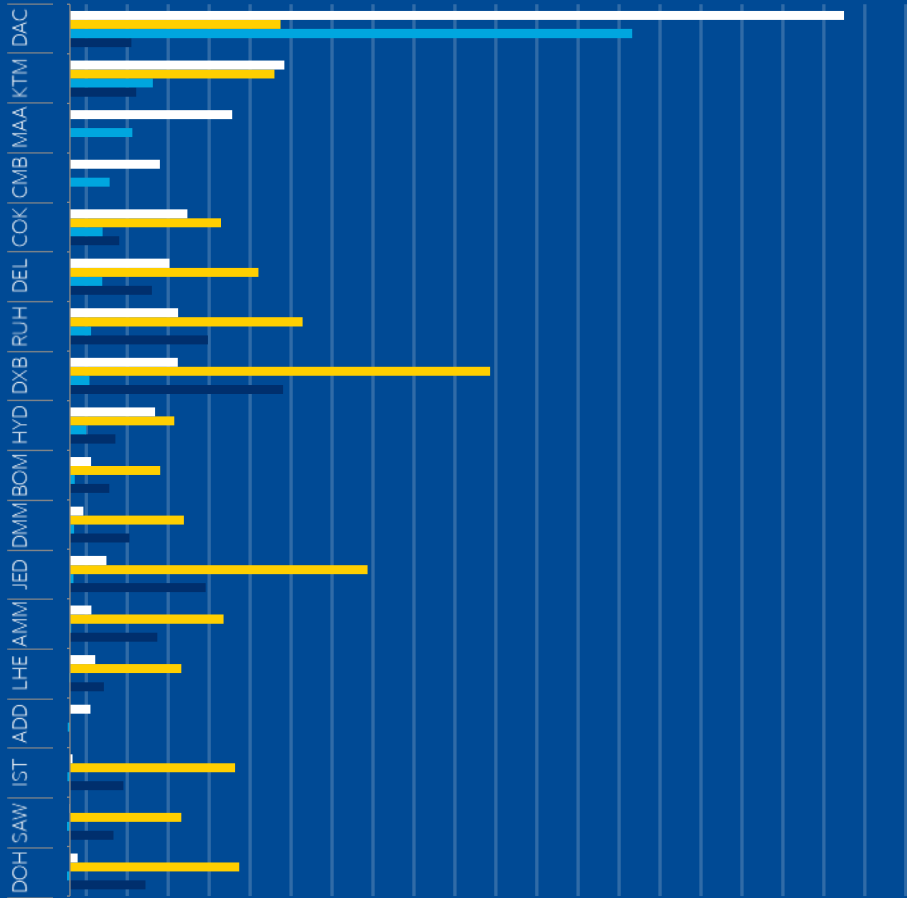
Net Revenue BP Revenue Contribution BP Contribution

Frequency

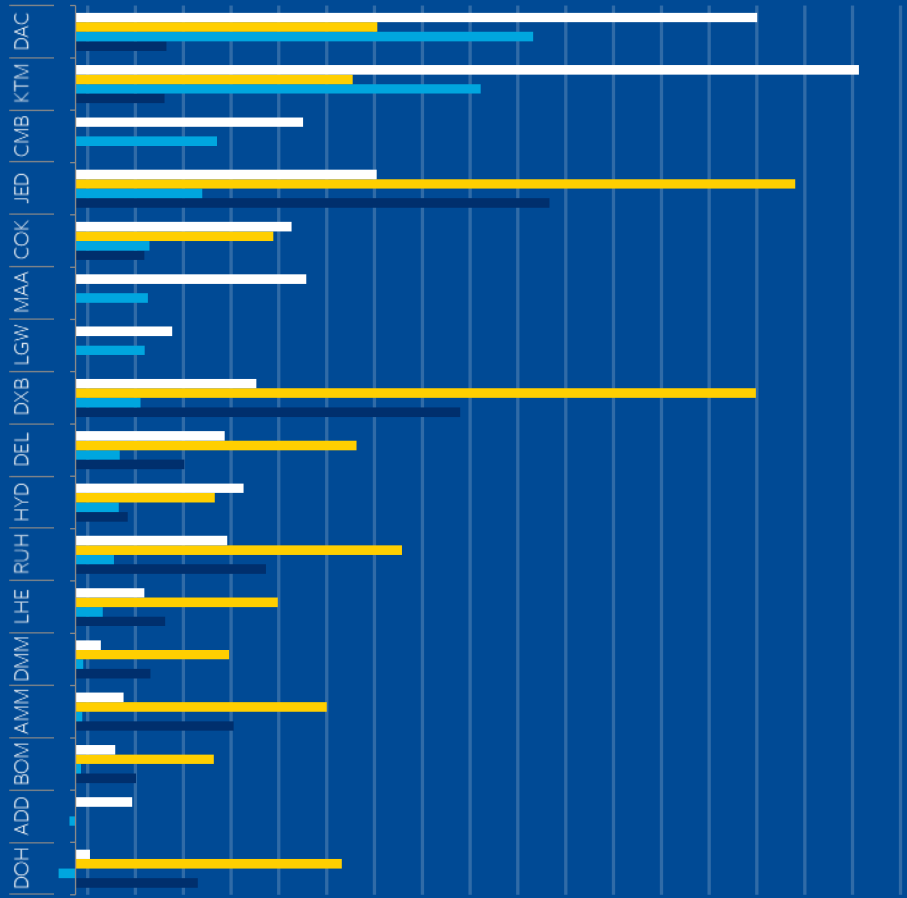
Net Revenue BP Revenue Contribution BP Contribution

Revenue by Route: Mar & Apr

MARCH



APRIL



Frequency

Net Revenue BP Revenue Contribution BP Contribution

Frequency

Net Revenue BP Revenue Contribution BP Contribution

Operational Developments

DELIVERY OF NEW A320neo

Took delivery of the 6th Airbus A320neo on January 16.

Jazeera's fleet today comprises 14 aircraft of which 8 are A320 and 6 A320neo.

Jazeera did not revise its order with Airbus despite the headwinds driven by the global pandemic over the past year, however negotiated its postponement as travel gradually returns to normal capacity thanks to the success of safety and health measures.



LAUNCH OF NEW ROUTES

Colombo – February 20

The new route serves a resilient demand for travel by expats and tourists, especially to destinations with strong safety and health measures such as Sri Lanka.



Addis Ababa – March 16

The direct route between Kuwait and Addis Ababa offers a great value option to connect the significant Ethiopian expatriate population living in Kuwait and across the Middle East region.



Operational Developments

THE BIG SURVEY

Jazeera conducted a survey with nearly 4,500 customers amongst citizens and residents. The findings showed:

Most respondents plan to travel on long vacations and annual leave.

The preferred leisure destinations included Turkey, Thailand, UAE, Georgia and UK.

58% among all nationalities plan to travel at least three times in the coming 12 months.

30% of respondents said they will be traveling to visit family and friends.

31% of Kuwaiti respondents plan to travel at least five times in the coming 12 months.

Over 90% of respondents say they would prefer contactless services when travelling.

59% of all respondents confirmed that they would still travel if a 7-day quarantine or more is mandated at their destination or upon their return.

89% of respondents confirmed they would take the Covid-19 vaccine should it be mandated to travel to their destination.

CREW VACCINATION



Jazeera started the vaccination drive of pilots, cabin crew and supporting teams.

Jazeera has always been committed to the safety of its passengers, and of course, the communities it serve.

Passengers can rest assured that they are flying in extremely safe environments when flying with Jazeera Airways.

All pilots and crew were fully vaccinated by April 12.

IATA Travel Pass in the Jazeera App

- Partnership with IATA to integrate the Travel Pass into the Jazeera App.
- Aim to make the global travel passport available for travelers from and to Kuwait in the coming period.
- Increases security and efficiency compared to current paper processes used to manage health requirements.
- Enables passengers to find the information they need regarding travel requirements to destinations within Jazeera network.
- Facilitates travel internationally with Jazeera.

Travel Pass is a digital solution that helps travelers store their verified certifications for Covid-19 tests or vaccines to meet health requirements.



Launch of the IATA Travel Pass on the Jazeera App soon



OUTLOOK FOR 2021

Slow, But Gradual, Return

Revenue and Cost Controls

- Revenue under pressure due to limited capacity available at KWI as well as high competition from other airlines triggered by limited demand presently.

Airports' Limitations

- Most airports within Jazeera network have started increasing capacity. Full capacity is expected to resume by 4Q21.

Travel Restrictions

- Roll out of vaccination in Kuwait and elsewhere within the network is expected to soften restrictions soon.
- Kuwait has already vaccinated +30% of target population. Aims to achieve 50% by end of 2Q21.
- Travel restrictions for vaccinated travelers.

Recovery Outlook

- Expectation for palpable recovery in 4Q21. Gradual recovery through 3Q21.
- Plan to take delivery of 3 more new A320neo this year.
- Continue full-flight cargo operations.
- Yield to remain high driven by supply restrictions.

New Destinations Planned



Sarajevo

High demand for tourism, catering specifically for families from Gulf countries



Bishkek

High demand for tourism, catering specifically for families from Gulf countries



Yerevan

Large Armenian expat community in Middle East and touristic destination



Tashkent

High demand for tourism, catering specifically for families from Gulf countries



Kabul

Large Afghani expat community in Middle East



Khartoum

Large Sudanese expat community in Middle East



FINANCIAL REVIEW

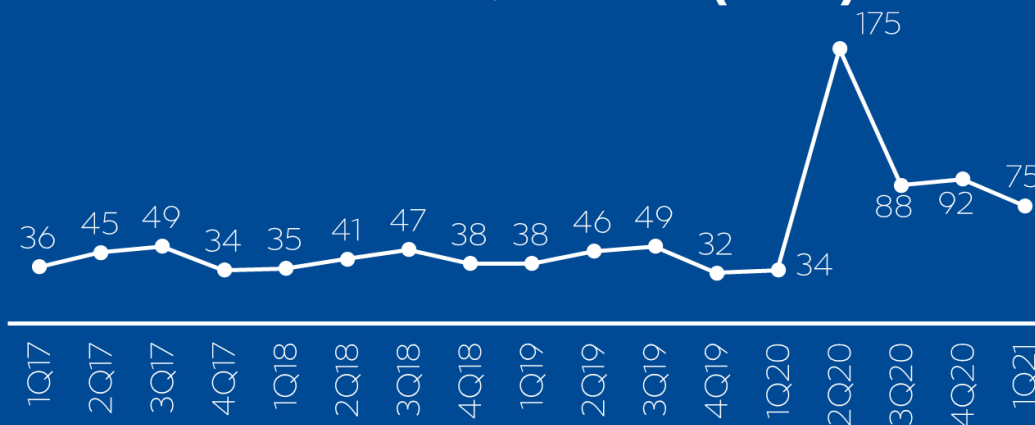
1Q21 Key Parameters

Operating Parameters	1Q20	1Q21	CHANGE
Average Aircraft	13.7	14.0	2.4%
Destination Cities	31	20	-35.5%

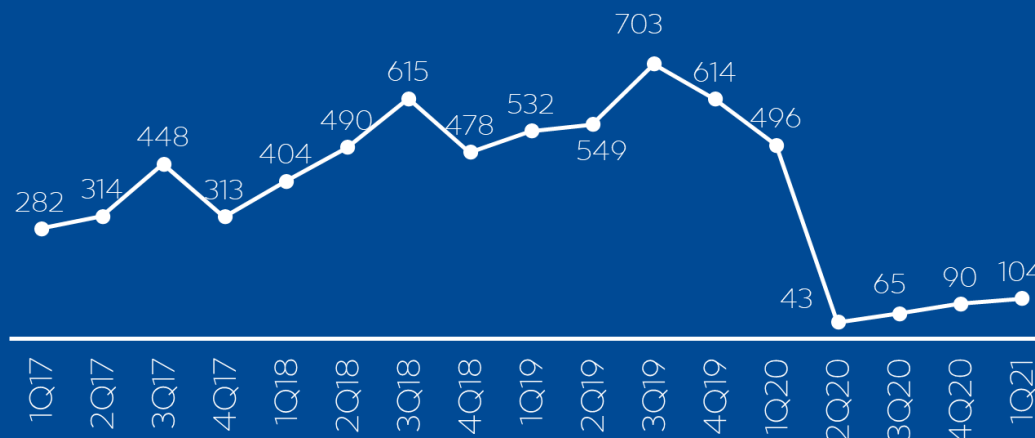
Revenue Drivers	1Q20	1Q21	CHANGE
Seats	692,716	178,212	-74.3%
Passengers	496,484	104,116	-79.0%
Load Factor	71.7%	58.4%	-18.5%
Net Yield	36.5	74.9	105.2%

Profitability Drivers	1Q20	1Q21	CHANGE
Sectors	4,152	1,189	-71.4%
Block Hours	11,852	4,206	-64.5%
Utilization (BH per Day)	9.5	3.3	-65.0%

YIELD BY QUARTER (KWD)



PASSENGERS BY QUARTER (000)



1Q21 Key Parameters

<i>In KWD</i>	1Q20	1Q21	CHANGE
Operating Revenue	18,962,737	8,137,370	-57.1%
Operating Expenses*	(22,001,058)	(13,450,103)	-38.9%
Operating Profit	(3,038,321)	(5,312,733)	74.9%
Net Profit (Loss)	(6,018,638)	(5,178,262)	-14.0%

* 1Q20 operating expenses regrouped to adjust for finance expenses

<i>In KWD</i>	1Q20	1Q21	CHANGE
Cash	33,445,387	17,595,706	-47.4%
Fixed Assets	21,082,437	20,320,432	-3.6%
Total Assets	180,890,700	170,016,283	-6.0%
Total Liabilities	152,120,324	162,190,503	6.6%
Total Equity	28,770,376	7,825,780	-72.8%

- Lower operations in 1Q21 on the back of restrictions on operations from mid-March 2020 due to a state of temporary Airport Closure. There was no commensurate reduction in Fixed Costs.
- Other operating income was KWD463k as opposed to an expense of KWD661k in 1Q21, driven by termination of hedging contracts.
- Reported a foreign currency gain of KWD1 mn in 1Q21 versus a loss KWD1.2 mn in 1Q20.

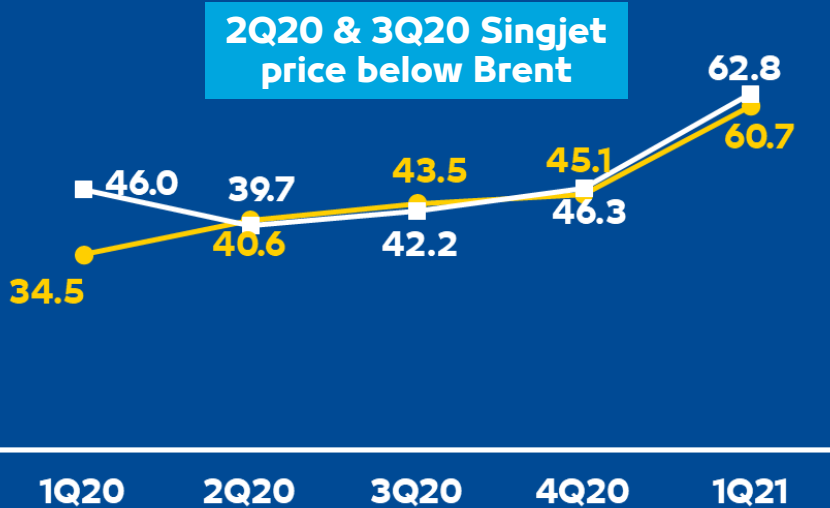
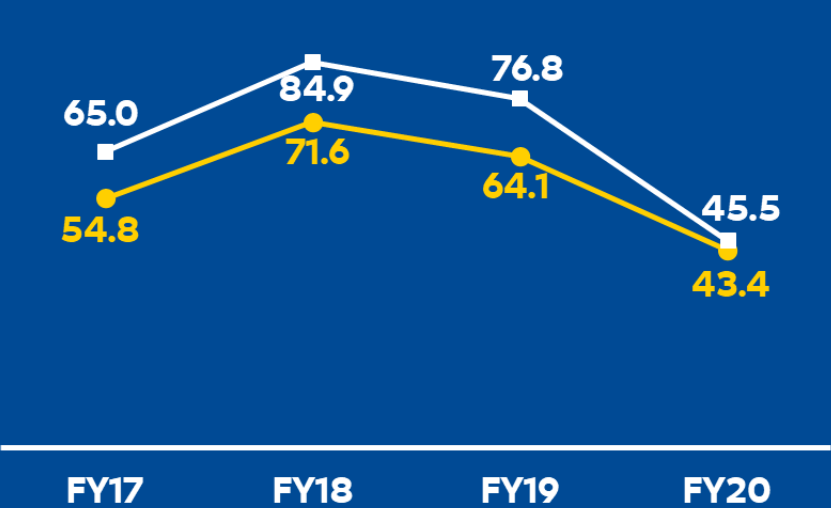
1Q21 Balance Sheet Variances

- Cash balance, net of bank loans and short-term facilities reduced due to the operational cash burn during the year.
- Advance for maintenance declined due to restructuring of maintenance contracts.
- Total assets and total liabilities increased mainly due to IFRS 16 impact on the back of leasing 2 additional aircraft, one each in 1Q20 and 1Q21. Additionally, the lease extensions of 12 aircraft also contributed to the increase in both assets and liabilities.
- 1Q21 receivables increased due to KWD3.2 mn receivable from the Government of Kuwait for charters performed in 2020 and KWD3.7 mn receivable from an European MRO (of which KWD2.2 mn was received in April 2021).
- Accumulated losses increased due to slow operations in FY20 and 1Q21.

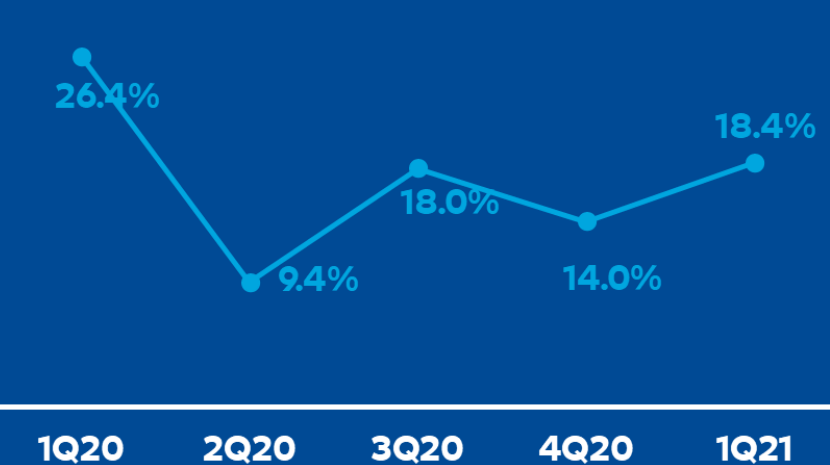
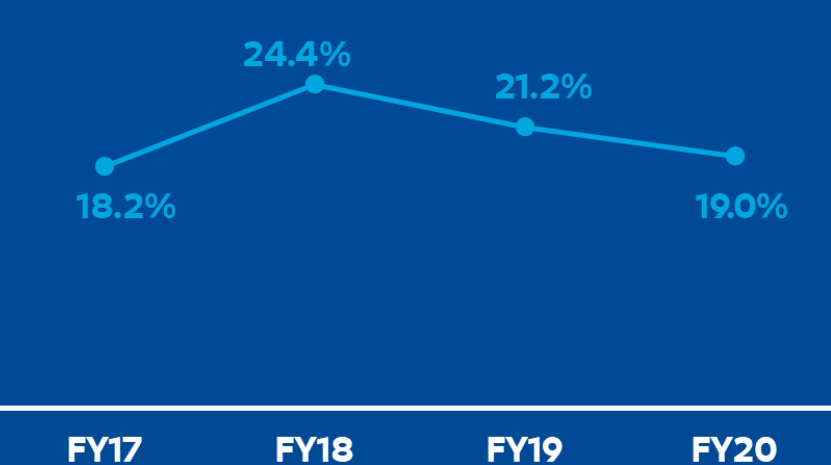
Fuel Prices

BRENT Swap Vs. SINGJET Swap (USD/BBL)

— SINGJET Swap
— BRENT Swap



Fuel as Percent of Revenue



Capital Increase Recommendation

- On April 14, Jazeera's Board recommended 10% capital increase in the face of the most challenging six quarters for the global economy and more specifically, the travel and tourism industry.
- Recommendation to increase capital is a precautionary step to adhere to regulatory capital requirements in anticipation of a potential surge in the accumulated losses account as operations remain derailed by the prolonged closure of KWI.
- Increase to be from KWD20 mn to KWD22 mn subject to the approval of regulatory authorities and the company's shareholders during the Extraordinary General Meeting scheduled on May 19, 2021.
- Increase covered by issuing 20 mn ordinary shares for a total value of KWD10 mn or 500 fils per share. The total value comprises KWD2 mn increase to the authorized, issued and paid-up capital (at the nominal price of 100 fils per share) in addition to a share premium of KWD8 mn (premium of 400 fils per share).

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Q&A

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Départures

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Jazeera Airways KSC is listed on the Kuwait Stock Exchange

Bloomberg: Jazeera KK

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