

الجزيرة. Jazeera.

Corporate presentation 2018

February 2018
Investor relations



Agenda

- ◆ Background
- ◆ Financial Review
- ◆ 2018 Game Changers
- ◆ 2018 – 20 Business Plan
- ◆ Market Analysis

Background

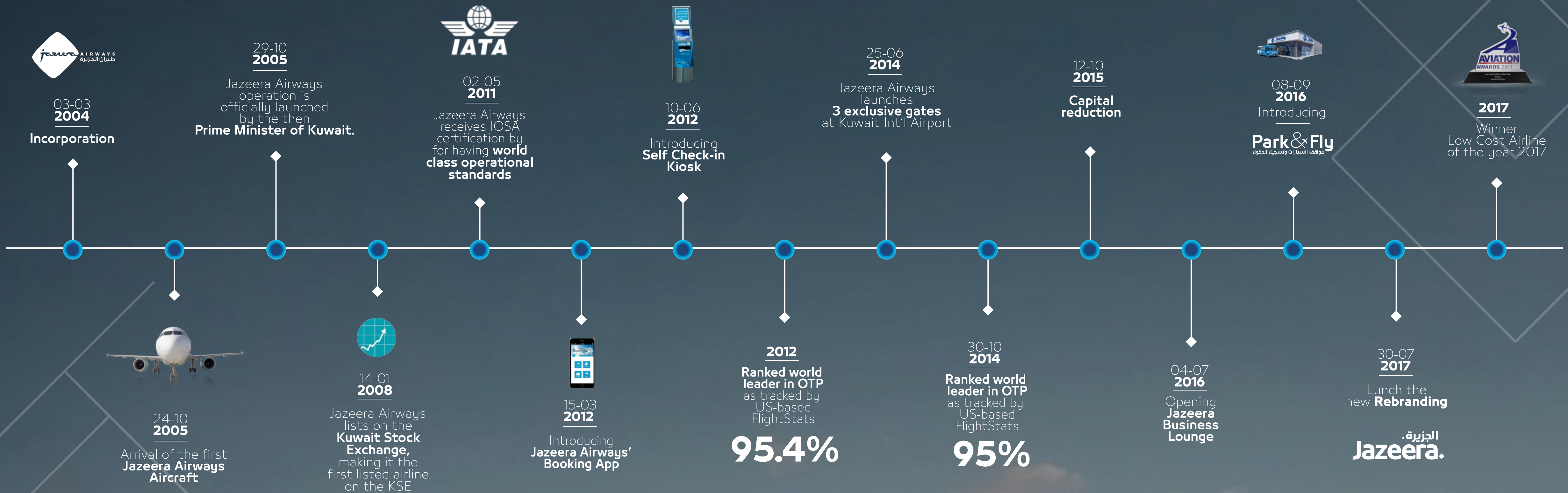


Background

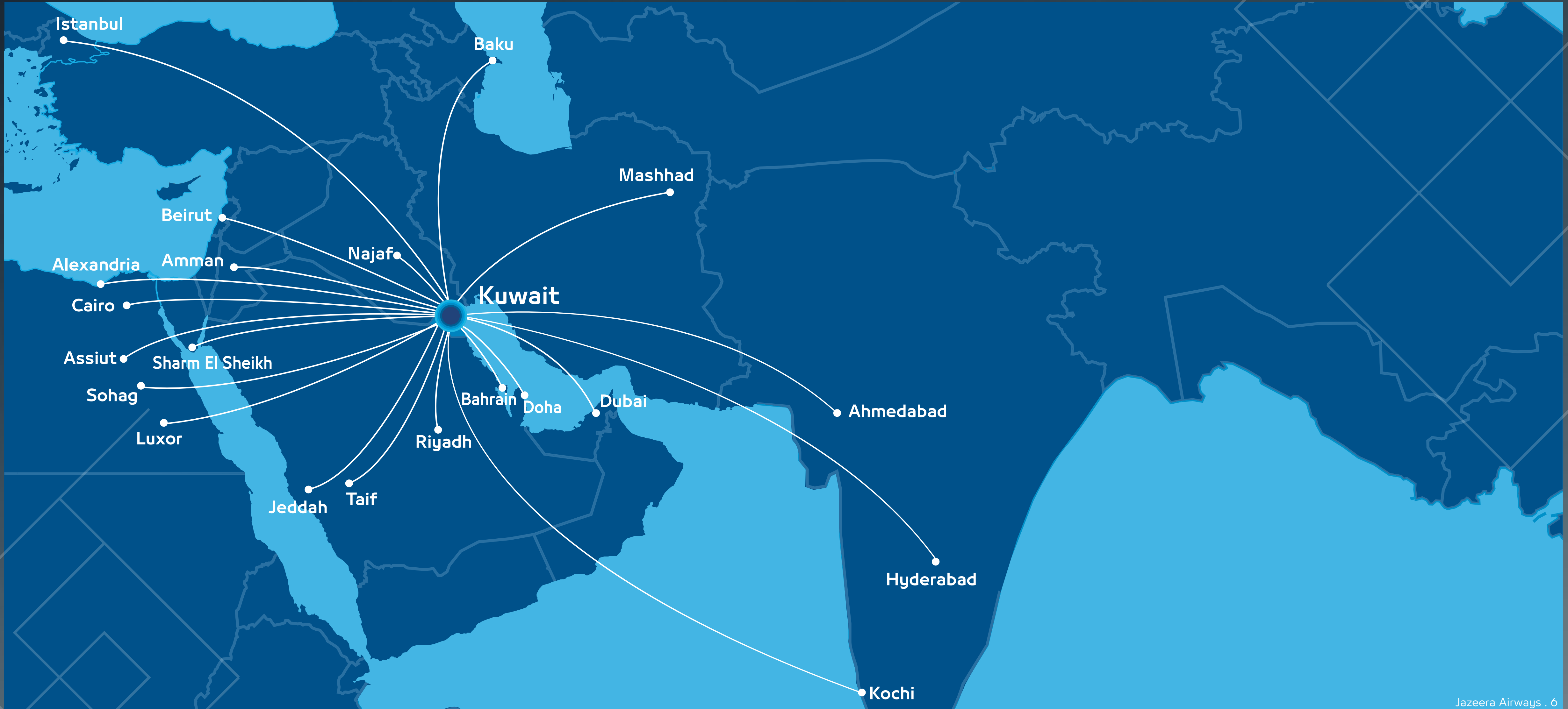
- ◆ Jazeera Airways is a Flag Carrier Kuwaiti Airline that commenced operations in 2005 and has since emerged as a leading carrier in the region.
- ◆ A Kuwait Stock Exchange-listed company operating regionally and internationally serving some of the Middle East's and Eurasia's top destinations from Kuwait.
- ◆ Operates a fleet of Airbus A320 aircraft with a two-class cabin while maintaining global recognition for on-time performance in the Middle East.
- ◆ Continuous launch of a stream of value added facilities to facilitate smart travel by introducing the Park & Fly remote check-in service as well as a dedicated Business lounge adjacent to Jazeera gates.
- ◆ Currently developing a designated terminal at the Kuwait International Airport to accommodate the rising number of passengers and improve network connectivity.

Background

Milestones Chart



Background



Background

2017 Review: Year of The Brand

NEW BRAND

- ◆ New Livery
- ◆ New Uniforms
- ◆ New Interiors

NEW DIGITAL PLATFORM

- ◆ New Website
- ◆ New Apps
- ◆ New Digital Backbone

NEW ROUTES

- ◆ Baku (May)
- ◆ Doha (July)
- ◆ Hyderabad (Nov)

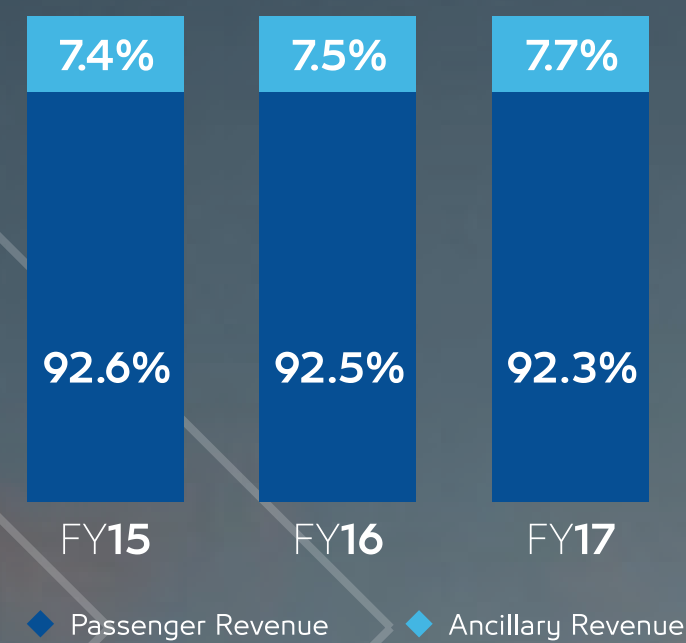
Financial Review

Financial Review

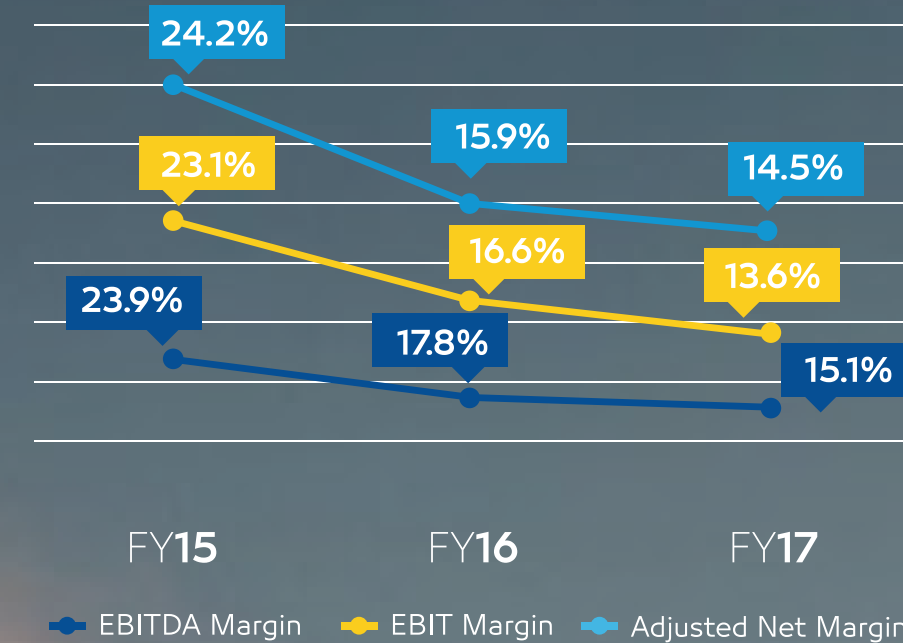
(KWD mn)	FY15	FY16	YOY Change	FY17	YOY Change
Passenger Revenue	54.2	48.8	-10.1%	52.3	7.2%
Ancillary Revenue	4.4	4.0	-8.5%	4.3	8.8%
Total Revenue	58.6	52.8	-10.0%	56.6	7.3%
EBITDAR	23.0	18.5	-19.4%	17.8	-4.0%
EBITDA	14.0	9.4	-32.9%	8.5	-9.2%
EBIT	13.6	8.8	-35.3%	7.7	-12.1%
Reported Net Profit	15.4	10.8	-29.8%	8.2	-23.7%
Adjusted Net Profit *	14.2	8.4	-40.9%	8.2	-1.6%

* Adjusted for foreign currency reclassification and income from discontinued operations

REVENUE BREAKDOWN
FY15 – FY17



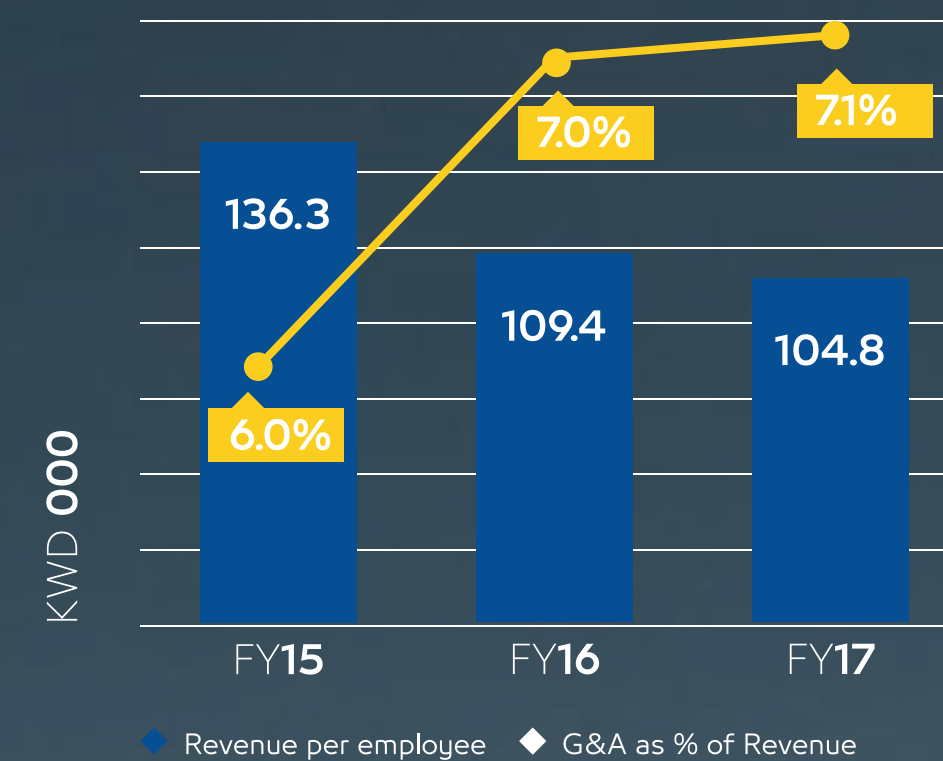
PROFITABILITY MARGINS
FY15 – FY17



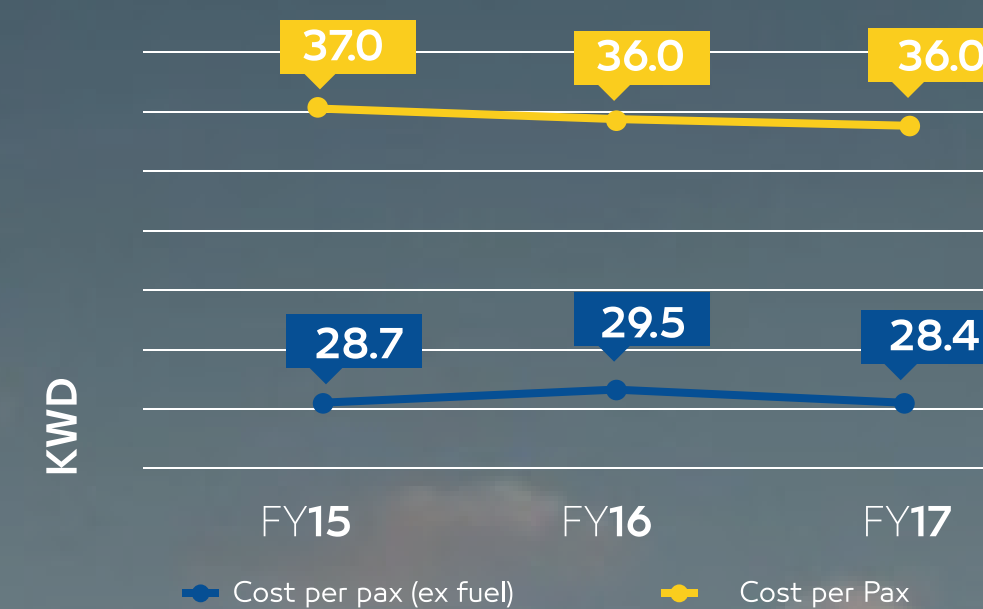
Financial Review

- ◆ Revenue per employee fell under pressure on the back of a decline in revenue and an increase in employees as the company lays the foundation for its growth.
- ◆ Direct cost per pax (ex fuel) under control with plans in place for further cost containments
- ◆ Even with the increase in oil prices in FY17, total direct costs per pax is still closely controlled.

REVENUE PER EMPLOYEE & G&A AS % OF REVENUE FY15-FY17

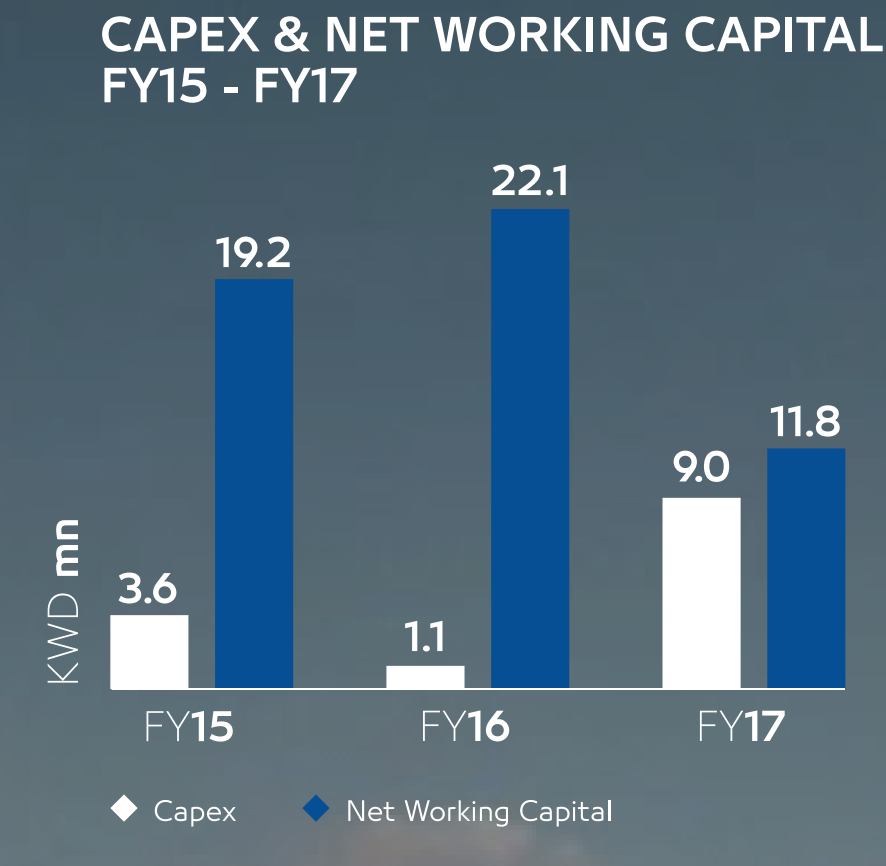
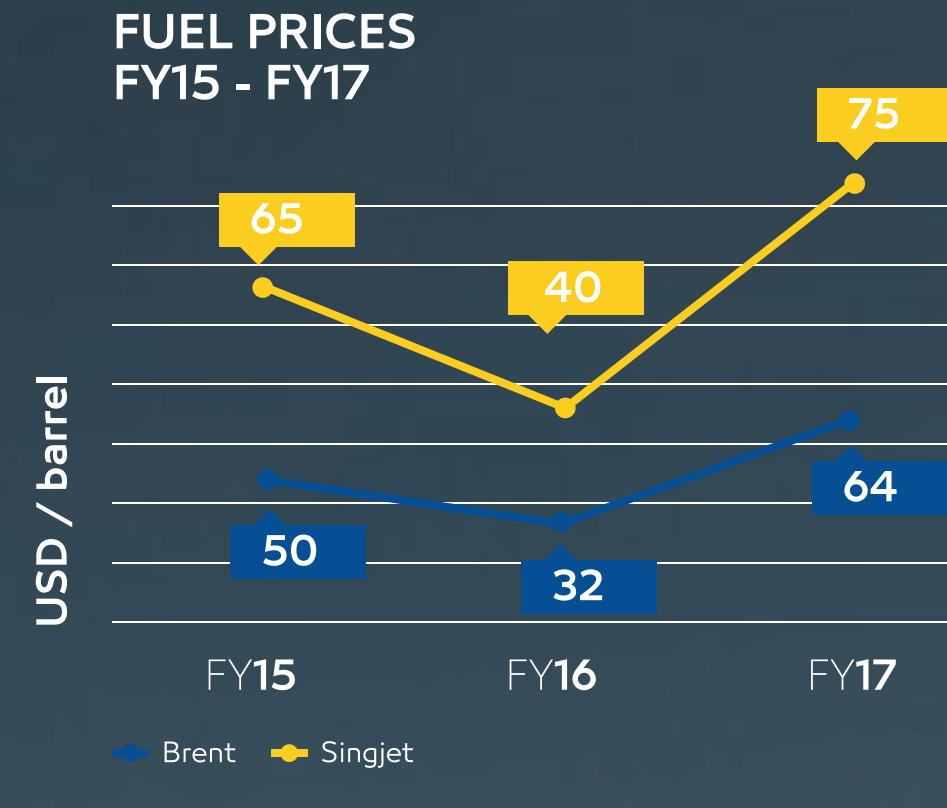


COST PER PAX FY15 - FY17



Financial Review

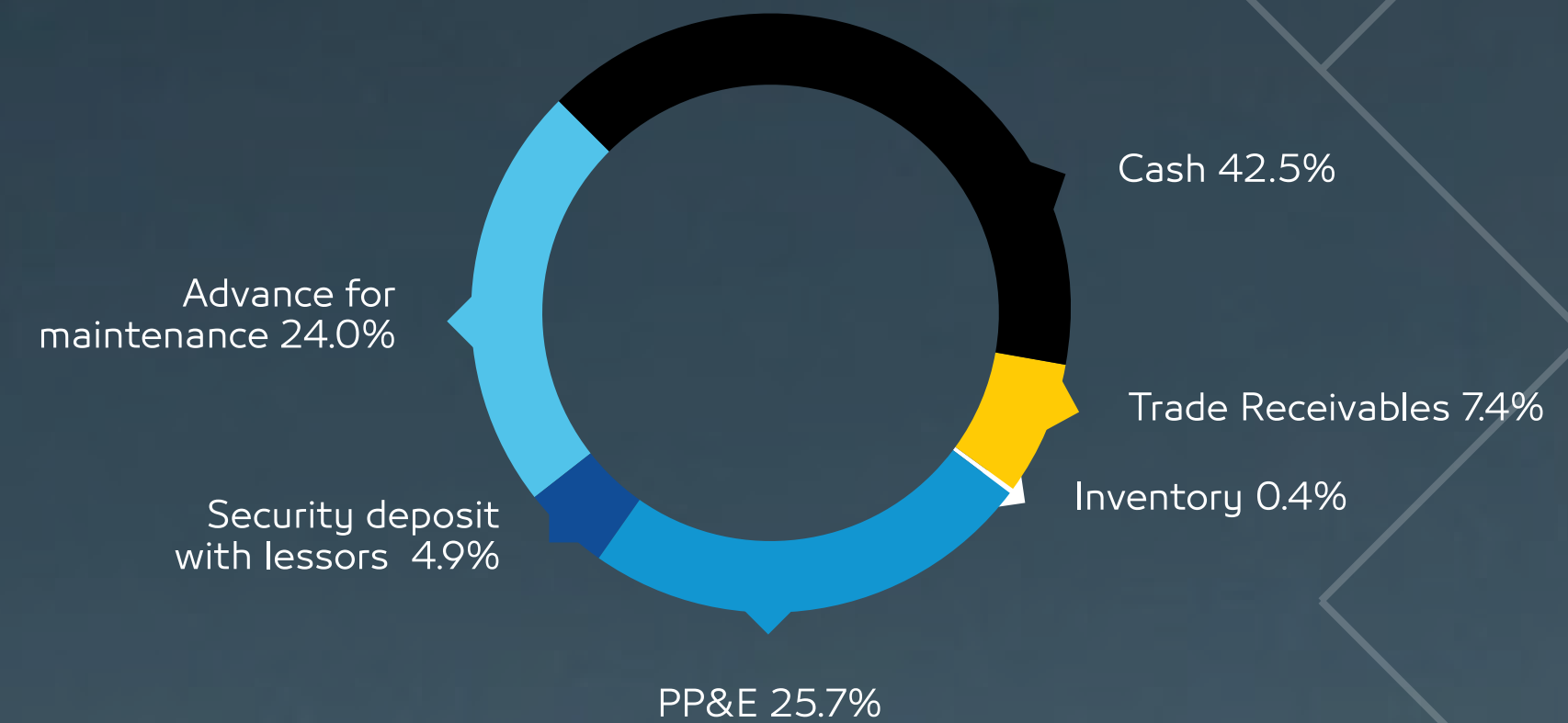
- ◆ Global oil prices play a significant part in pricing tickets given their impact on direct costs along with being an integral factor in the regional macro business environment.
- ◆ No hedging utilized historically and no plans to hedge in the near future.
- ◆ Increase in FY17 capex driven by the construction of Jazeera facilities and the purchase of two new engines.
- ◆ Annual sustainable maintenance capex of c. KWD1 mn.
- ◆ Strong net working capital position even with the financing of construction from internal funds.



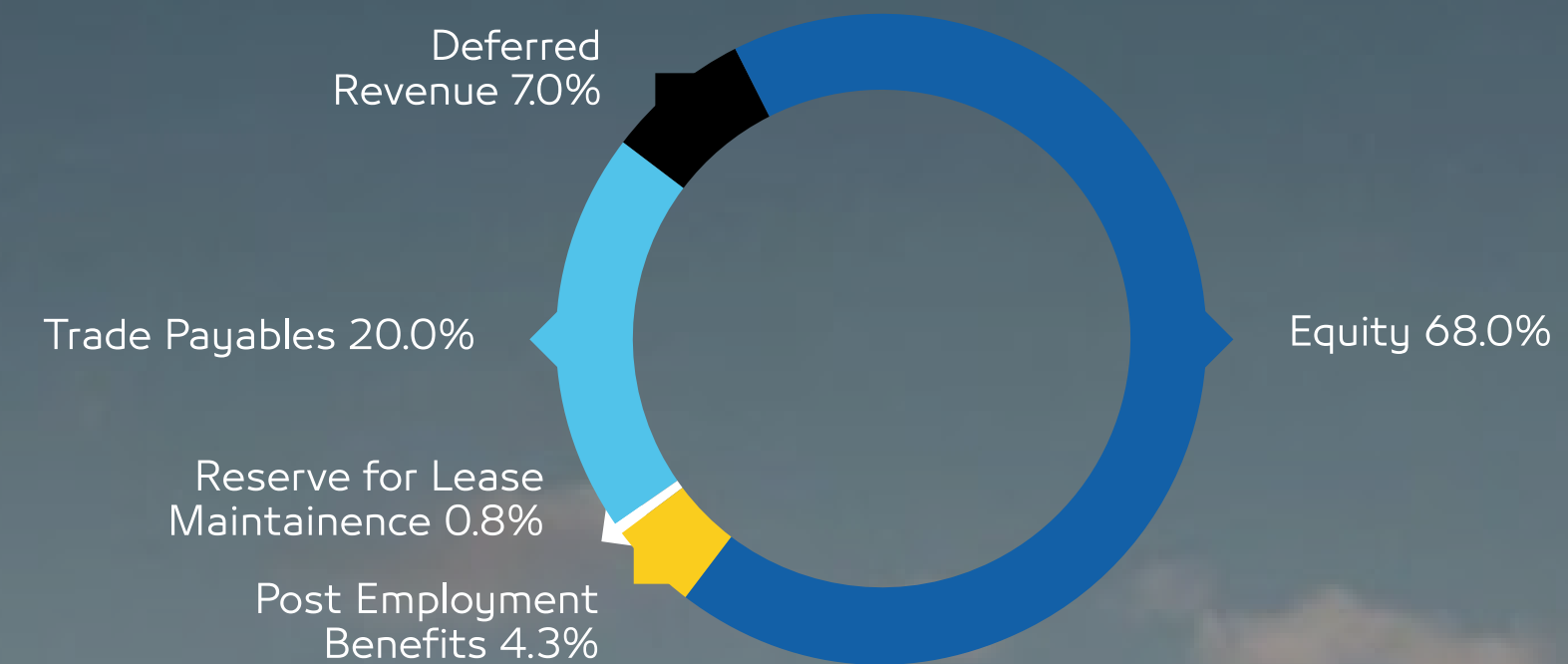
Financial Review

- ◆ Jazeera Airways employs an asset light model of operations with all aircrafts being leased.
- ◆ Solid capacity to fund growth plans as cash constitutes 42.5% of FY17 assets and without any debt on its books.
- ◆ PP&E will increase significantly during FY18 as the new Jazeera Terminal construction is completed.

ASSETS BREAKDOWN FY17



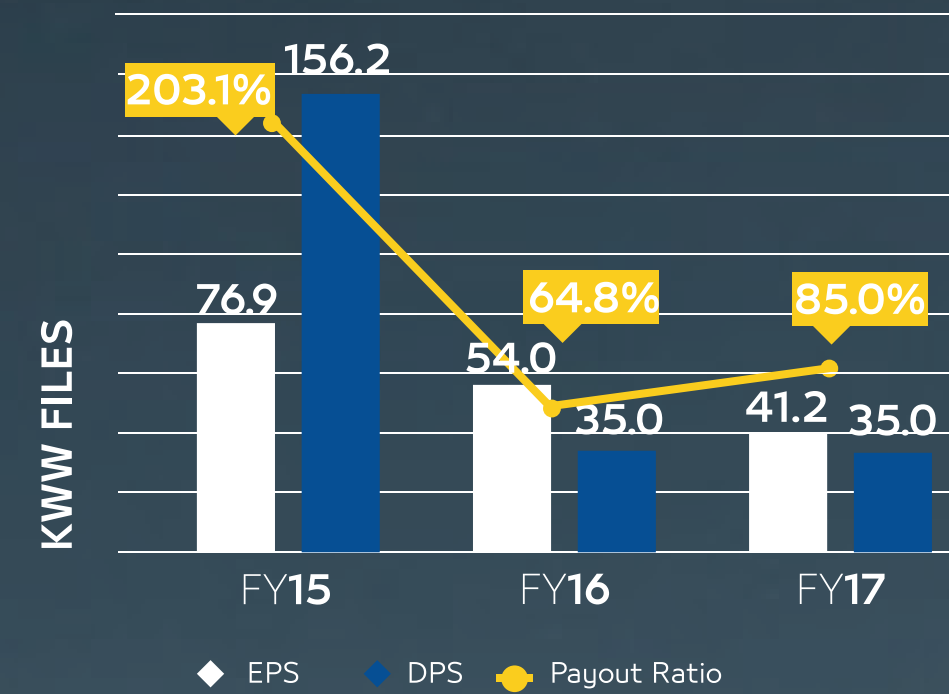
FUNDING BREAKDOWN FY17



Financial Review

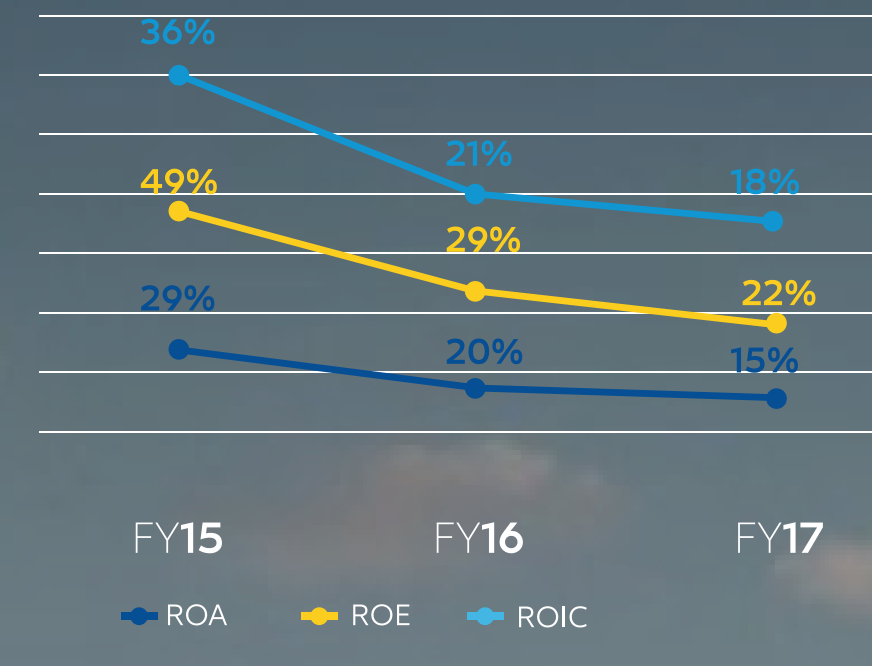
- ◆ Total cash repayment of KWD77 mn between FY13 and FY17 equivalent to 3.9x FY17 paid up capital.
- ◆ Stable DPS during FY16 and FY17.
- ◆ ROA, ROE and ROIC amongst the highest globally compared to aviation peers despite difficult market conditions in FY16 and FY17.

EPS, DPS & Payout Ratio
FY15 - FY17



* FY15 EPS and DPS adjusted for current number of shares
* FY15 DPS and payout ratio include capital return

ROA, ROE & ROIC
FY15 - FY17



Financial Review

Key Financial Metrics	FY15	FY16	FY17
Cash Ratio (x)	1.81	2.25	1.50
Current Ratio (x)	2.13	2.69	1.78
Debt / Equity (x)	0.00	0.00	0.00
Coverage Ratio (x)	39.66	931.78	622.16
Cash Conversion Cycle (Days)	-77.39	-58.83	-53.25

Key Operational Metrics	FY15	FY16	FY17
Fleet Size	7	7	7
Load Factor	69.0%	69.3%	73.9%
Pax (000)	1,218	1,221	1,358
RPK (mn)	1,551	1,554	1,748
ASK (mn)	2,248	2,244	2,367
CASK (US¢)	6.93	6.76	7.14
CASK ex Fuel (US¢)	5.38	5.53	5.63
Yield	48.12	43.18	41.65
Utilization (hours / day)	10.33	10.17	10.90
OTP	0.95	0.94	0.90
Employees	430	482	540

Financial Review

BALANCE SHEET	FY15	FY16	FY17
Cash and Bank Balances	30.9	29.4	22.8
Receivables	5.2	5.5	3.9
Inventories	0.2	0.2	0.2
Total Current Assets	36.2	35.2	27.0
Advance for Maintenance	8.7	10.4	12.8
Security Deposits with Lessors	3.0	2.5	2.6
Net Fixed Assets	5.1	5.6	13.8
Total Long Term Assets	16.8	18.5	29.3
Total Assets	53.0	53.7	56.2
Deferred Revenue	5.2	3.5	3.9
Accounts Payable	11.8	9.6	11.2
Total Current Liabilities	17.0	13.1	15.2
Aircraft Lease Maintenance Reserve	1.7	1.2	0.5
Employees' end of service benefits	2.7	2.5	2.4
Total Long Term Liabilities	4.4	2.5	2.4
Total Liabilities	21.4	15.6	17.6
Shareholders' Equity	31.6	37.0	26.1
Total Liabilities & Equity	53.0	52.5	43.6

INCOME STATEMENT	FY15	FY16	FY17
Revenue	58.6	52.8	56.6
Direct Costs	(41.3)	(39.9)	(44.4)
Gross profit	17.3	12.9	12.3
SG&A	(3.2)	(3.5)	(3.7)
EBITDA	14.0	9.4	8.5
EBIT	13.6	8.8	7.7
Net profit /(loss)	15.4	10.8	8.2

CASH FLOW STATEMENT	FY15	FY16	FY17
CF from Operations	16.7	4.0	9.4
CF from Investing	134.8	(2.4)	(9.0)
CF from Financing	(174.6)	(3.0)	(7.0)
Change in cash	(23.1)	(1.4)	(6.7)
Ending Cash	30.9	29.4	22.8

2018 Game Changers



2018 Game Changers

Indian
Subcontinent

Ancillary
Revenue

Jazeera
Facilities

2018 Game Changers

Indian Subcontinent

◆ Five New Destinations within the Indian Sub - continent.

◆ One million residents in Kuwait.

◆ More than Eight million residents in the GCC.

Hyderabad

Ahmadabad

Kochi

Mumbai

Lahore

◆ Commence operations between 4Q17 and 1Q18.

◆ Connection flights throughout Jazeera destination network.

◆ Target More destinations in Subsequent years.

2018 Game Changers

Ancillary Revenue

CARGO

A contract is signed with a specialized Cargo handling company and will, accordingly, form an integral revenue stream.

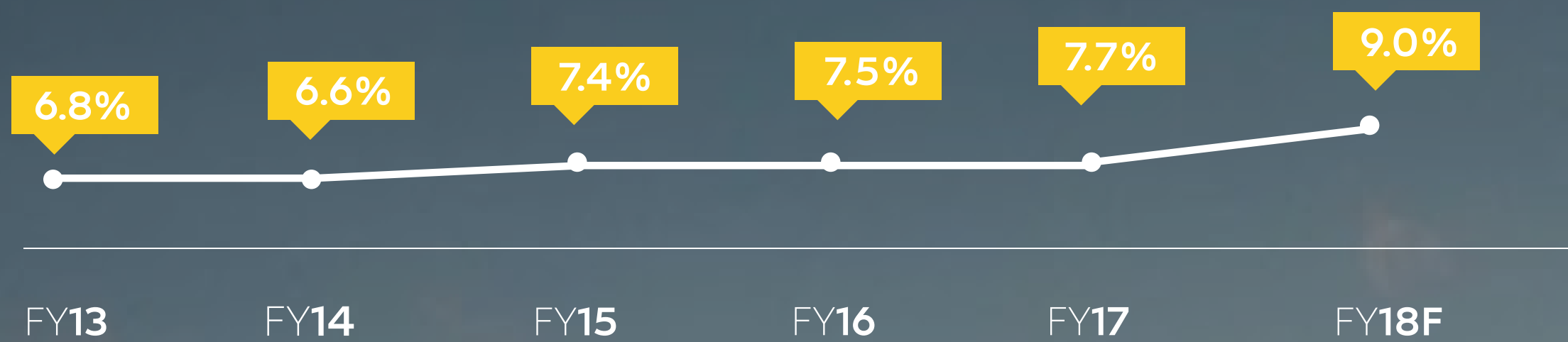
IN FLIGHT SALES

Effective 2018, F&B on board is on paid basis

BAGGAGE

Lower free baggage allowance on all flights against historical trend of 40kgs / Pax.

Ancillary Revenue
Percent of Total Revenue



* FY18 is management target

* Egypt routes are the only exception due to regulatory constraints

2018 Game Changers

Jazeera Facilities

- ◆ Constructing a dedicated standalone terminal attached to the main terminal of Kuwait International Airport and connected to Jazeera Gates.
- ◆ An integral part of Jazeera's expansion plan that aims to increase its fleet and number of destinations to unprecedented levels.
- ◆ Offers a modern and organized experience unprecedented in Kuwait, which will enhance brand equity and customer loyalty.
- ◆ Will host flights from other airlines creating additional footfall on both the land and air sides throughout the day.
- ◆ Jazeera Park & Fly and Jazeera City are two other innovative solutions offered to clients to facilitate travel experience.
- ◆ Revenue streams include retail leasing, parking and other concessions such as advertisements, wrapping, etc...

BUA of 8,600 sqm

20 Immigration Counters

10 Check in Counters

Parking Capacity of 861 spots

Short and long term parking

2,500 sqm of retail outlets

Commence operations in 2Q18

Parking to Gate in 15 minutes

Capex of KWD14 mn

2018 - 20 Business Plan

Business Plan 2018 - 20

- ◆ Fleet of leased A320 to remain the sole aircraft body utilized.
- ◆ Focus on regional destinations intact with Kuwait being the single hub.
- ◆ Target load factor north of 75%

FLEET

- ◆ 2017: 7 Aircrafts
- ◆ 2020: 15 Aircrafts
- ◆ The number of aircrafts in the fleet is planned to increase more than twofold during 2018-20 to cover new destinations.

LOAD FACTOR

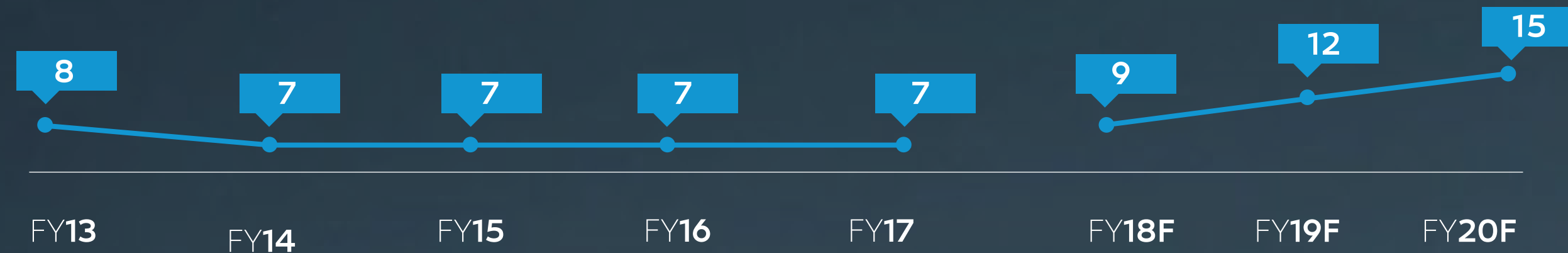
- ◆ Target a sustainable blended average load factor of more than 75% despite growth in destinations and frequencies.

DESTINATIONS

- ◆ 2017: 20
- ◆ 2020: 40
- ◆ Growth in the number of regional destinations to capitalize on potential connections and to better service customers needs.

Business Plan 2018 - 20

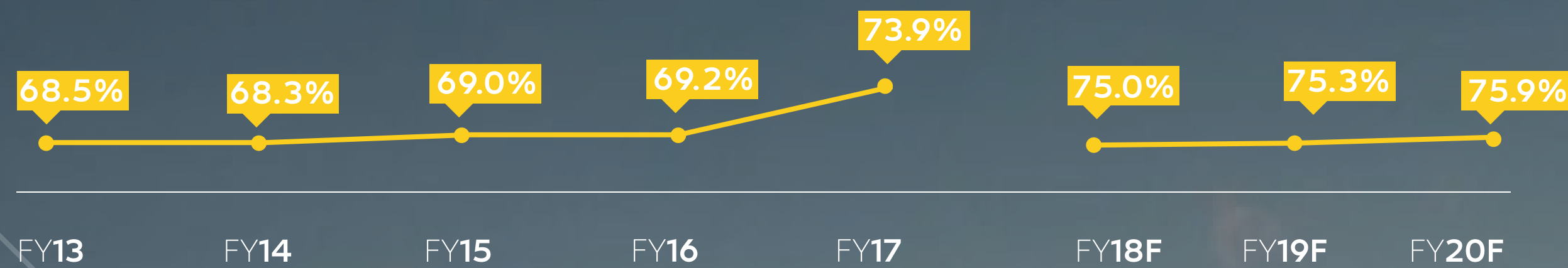
FLEET



DESTINATIONS



LOAD FACTOR



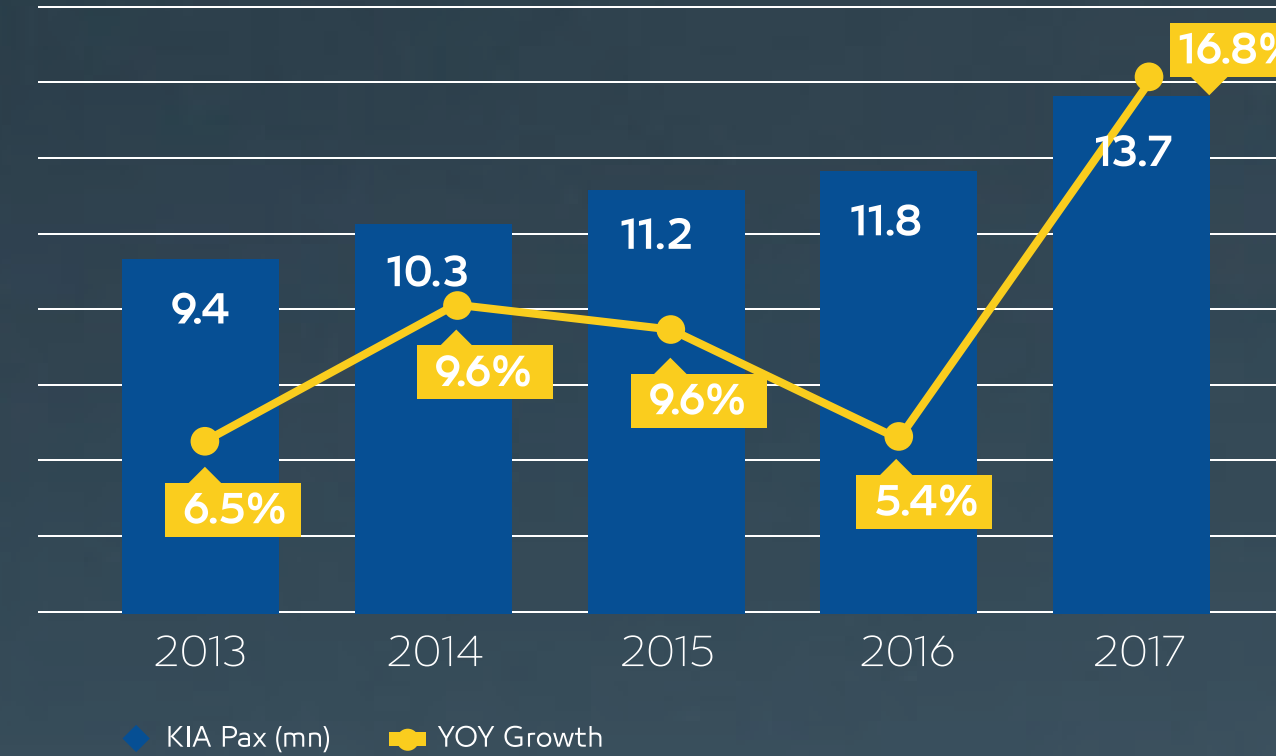
Fleet: End of Year
Destinations: End of Year
Load Factor: Annual Average

Market Analysis

Market Performance

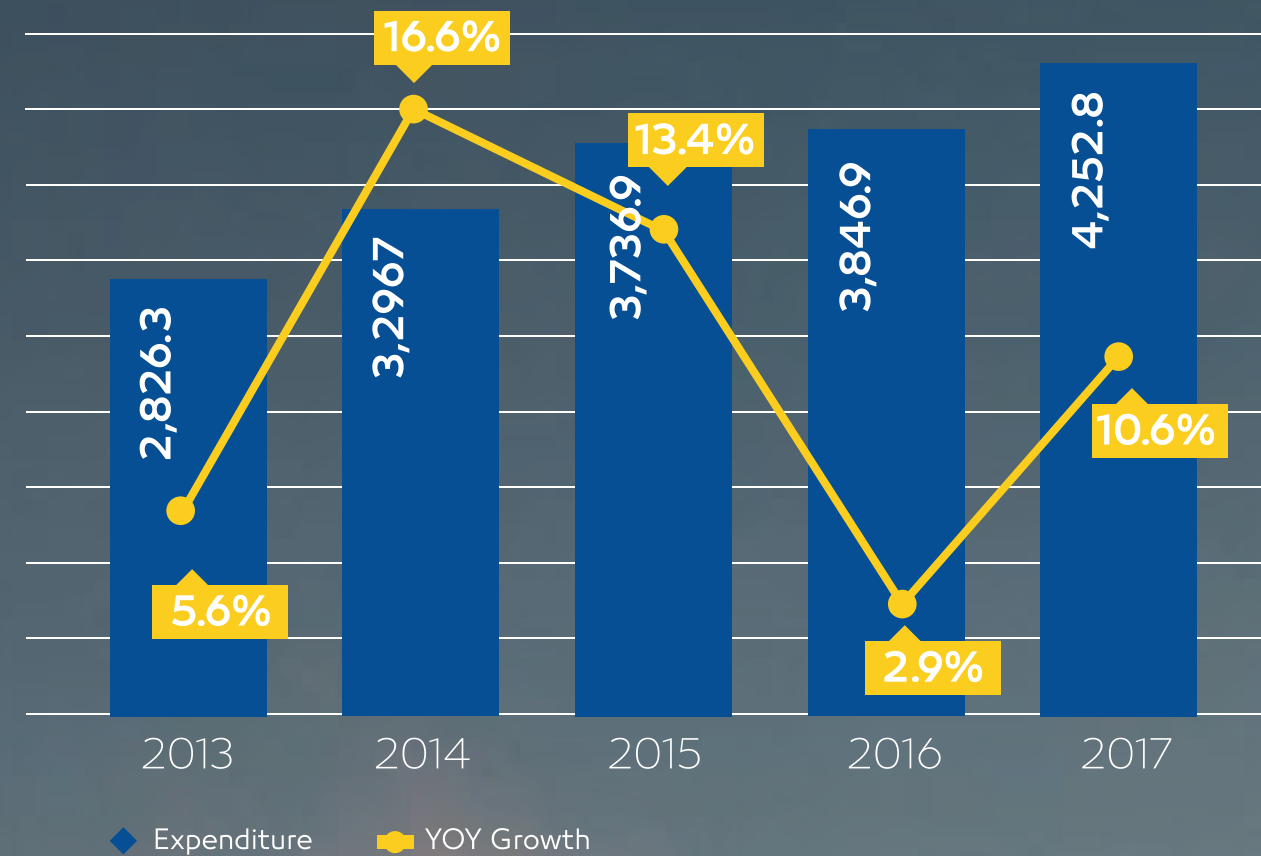
- Consistent growth in Kuwait Airport traffic with a significant increase of 16.8% in 2017 partially driven by political disruptions in the region.
- In line, expenditure on outbound travel and segments booked witnessed consistent year on year growth between 2013 and 2017.

KUWAIT AIRPORT TRAFFIC
2013-17.



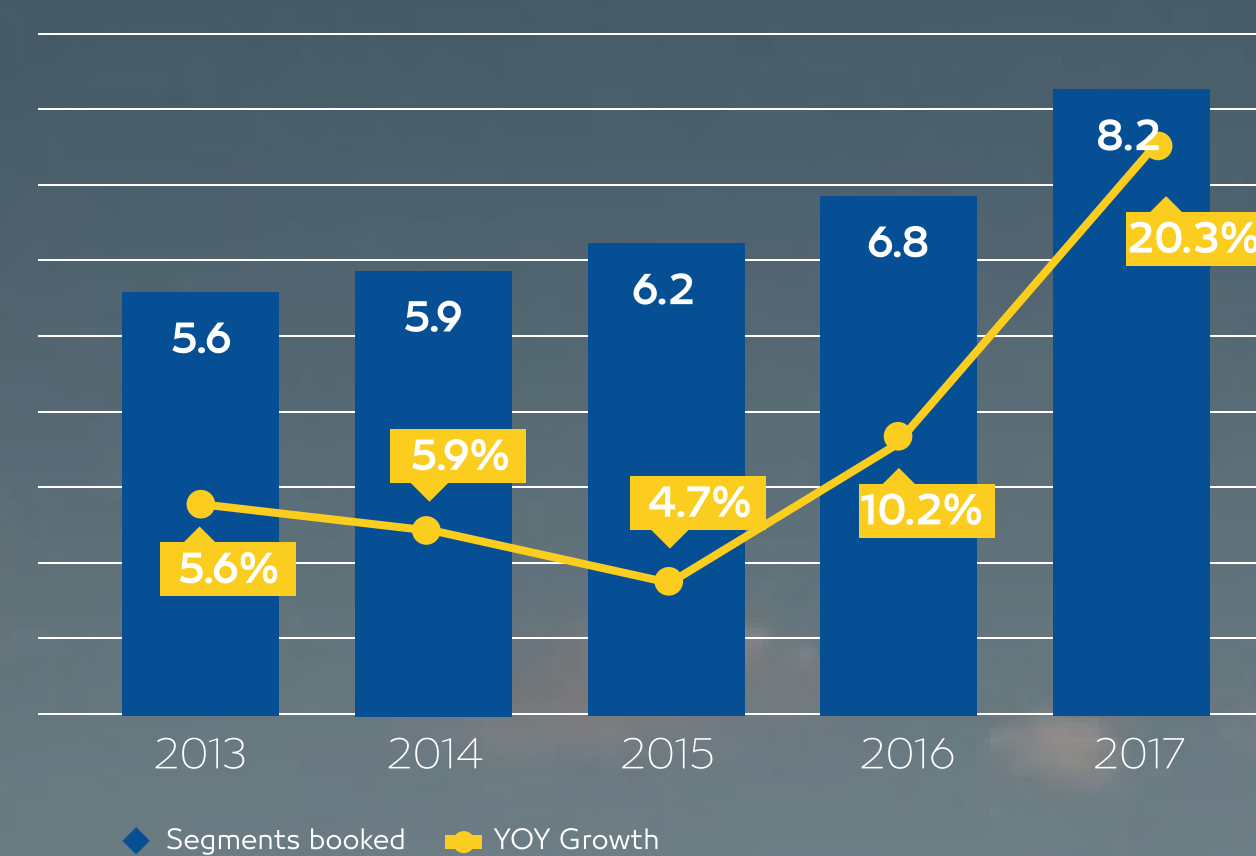
Source: Directorate General of Civil Aviation

KUWAIT EXPENDITURE ON OUTBOUND
TRAVEL.



Source: World Travel & Tourism Council

SEGMENTS BOOKED FROM
KUWAIT.

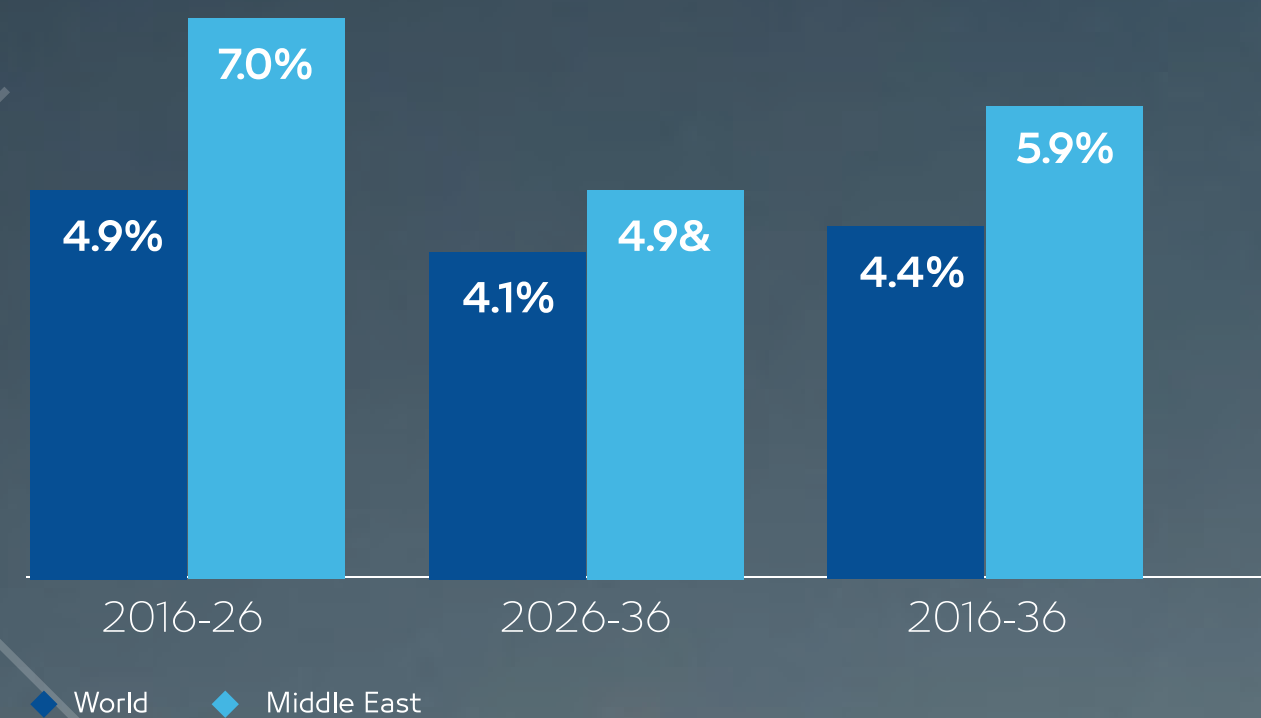


Source: Market Information Data Tapes

Market Performance

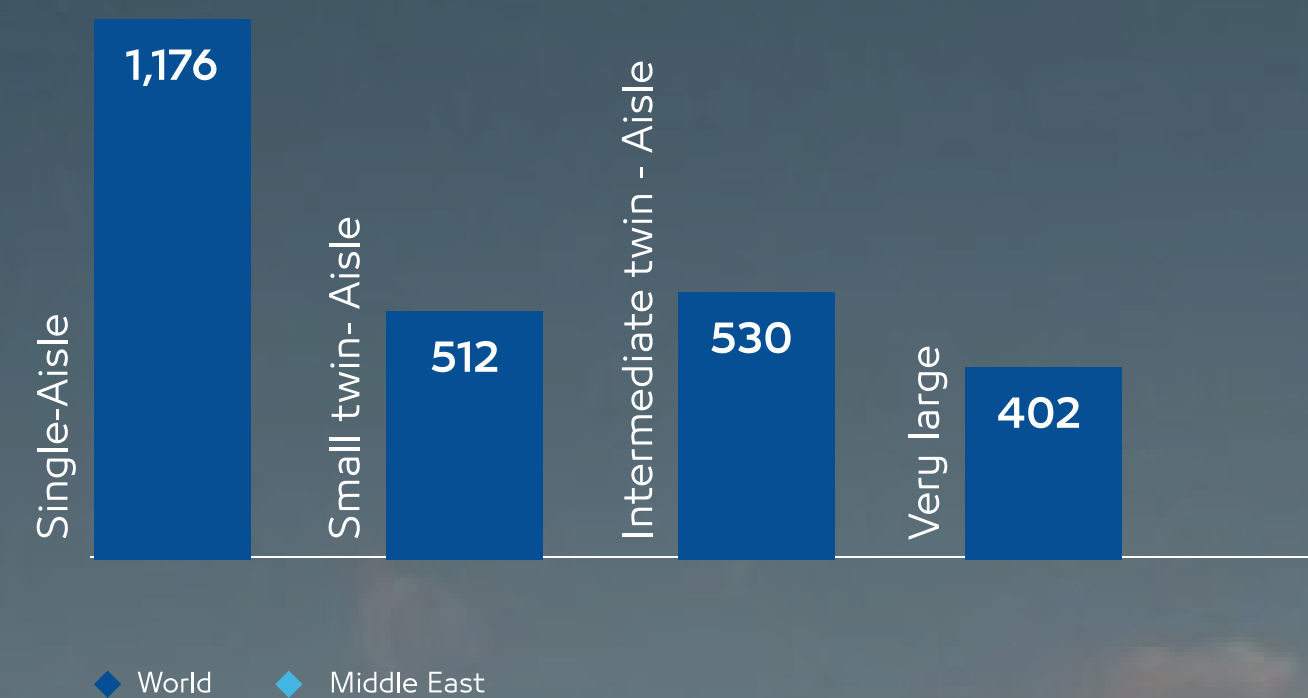
- ◆ Middle East traffic growth is expected to remain strong for the foreseeable future with Airbus forecasting that the region will beat global traffic growth. Amongst the top 20 traffic flows, 25% of the routes will involve the Middle East.
- ◆ The Middle East is expected to receive a total of 2,526 new aircrafts between 2016 and 2036, of which 2,010 will be new addition to the existing capacity.
- ◆ As regional airlines have been bracing themselves for the expected growth, 2016 and 2017 saw strong competition as oil prices dropped and the market struggled to cope with overcapacity.

TOTAL FORECASTED TRAFFIC GROWTH 2016-36.



Source: Airbus Global Markets Forecasts 2017-2036

MIDDLE EAST NEW DELIVERIES 2016-2036.



Source: Airbus Global Markets Forecasts 2017-2036

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A group of six airline professionals, including two pilots and four cabin crew members, are posed in front of an airplane. The pilots are wearing dark uniforms with gold epaulettes and caps. The cabin crew are wearing blue uniforms with matching berets and scarves. They are all smiling and looking towards the right. The text "Thank you" is written in a large, white, sans-serif font across the center of the image. The background shows the side of a white airplane with blue Arabic script. There are white geometric line patterns in the corners of the image.

Thank you