



الجزيرة
Jazeera.

**FY20 Corporate
Presentation**

9K-CAI

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Agenda

- ◆ **The Group Today**
- ◆ **Financial Performance**
- ◆ **Operational Performance**
- ◆ **FY18-20 Business Plan**
- ◆ **Market Analysis**

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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A low cost Kuwaiti flag carrier that commenced operations in 2005 and has since emerged as a leading operator in the region

Listed on Bursa Kuwait, and operates regionally and internationally serving top destinations in the Middle East, the Indian Subcontinent and Europe from Kuwait

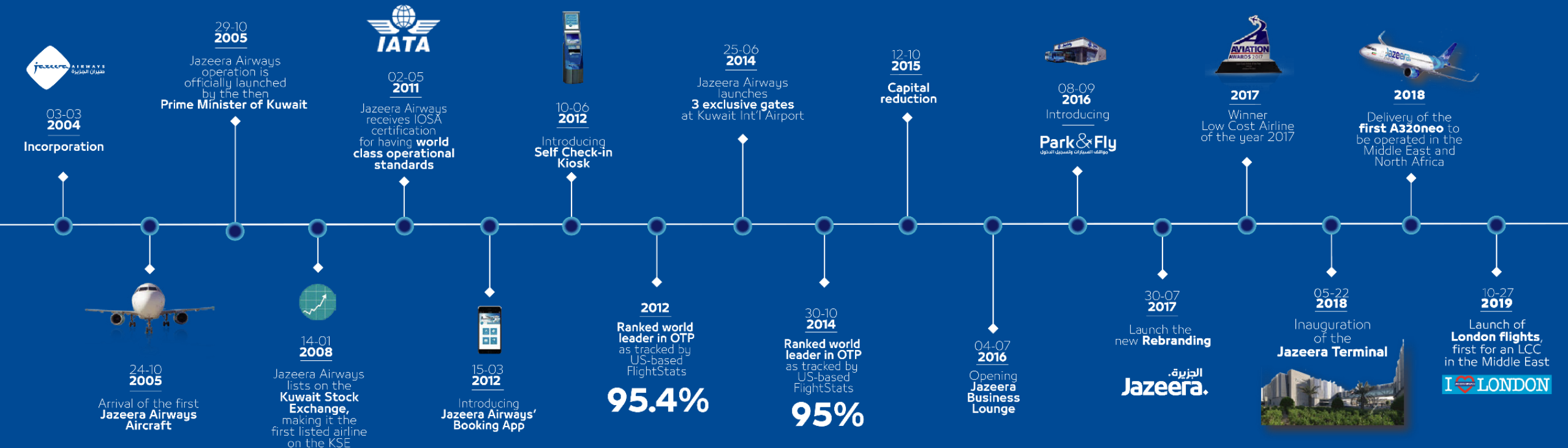
Continuously launching a stream of value-added facilities to enable smart travel by introducing remote check-in facilities and digitizing customer experience

Developed and currently operates a designated terminal, "Jazeera Terminal", at the Kuwait International Airport to accommodate the rising number of passengers and improve network connectivity

One of the very few non-government-owned airlines in the Middle East

Milestones

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Financial Performance

Jazeera team taking delivery of the second A320neo in October 2019

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

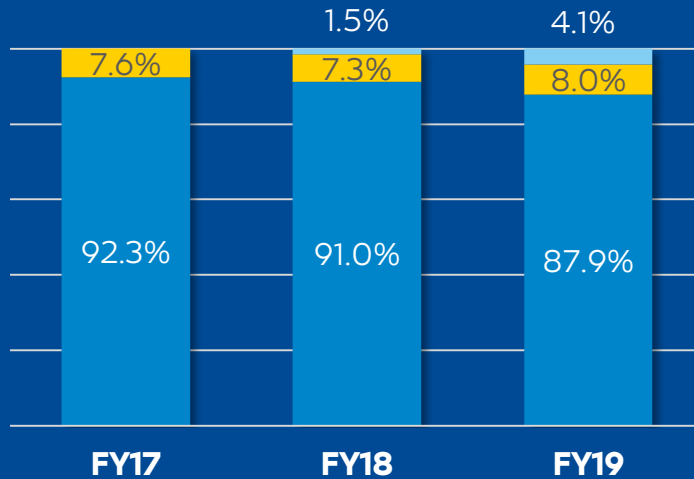
FY17-19 Financial Performance

<i>KWD mn</i>	FY17	FY18	FY19	YoY CHANGE
Passenger Revenue	52.3	74.9	91.1	21.6%
Ancillary Revenue	4.3	6.0	8.3	38.0%
Facilities Revenue	0.0	1.2	4.3	245.8%
Total Revenue	56.7	82.4	103.7	25.9%
EBITDAR	17.8	19.8	30.6	54.0%
Adjusted EBITDAR	17.8	21.8	30.6	43.2%
EBITDA	8.5	8.3	17.0	105.3%
Adjusted EBITDA	8.5	10.3	17.0	73.7%
EBIT	7.7	6.8	14.2	110.1%
Adjusted EBIT	7.7	8.8	14.2	72.0%
Reported Net Profit	8.2	6.7	14.9	124.1%
Adjusted Net Profit	8.2	8.7	13.8	68.8%

- FY18 adjusted for KWD1.5 mn one-off losses related to irregular events during the year
- FY19 adjusted for KWD1.2 mn gain from sale of engines

FY17-19 Financial Performance

REVENUE BREAKDOWN FY17-19



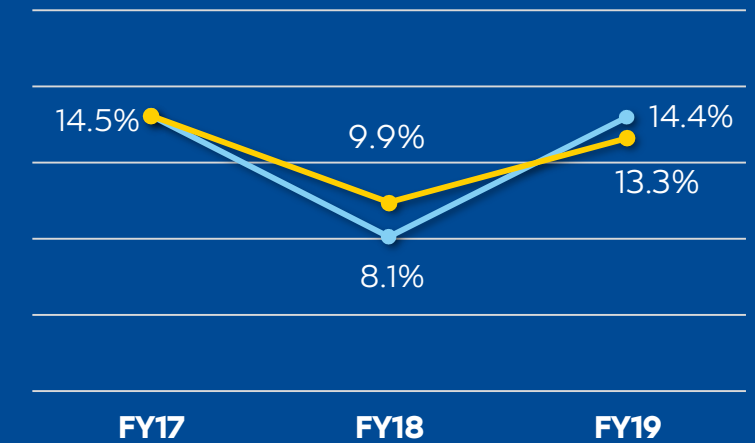
■ Passenger Revenue ■ Ancillary Revenue
■ Facilities Revenue

REPORTED AND ADJUSTED EBITDA MARGINS FY17-19



—●— Reported EBITDA Margin
—●— Adjusted EBITDA Margin

REPORTED AND ADJUSTED NET MARGINS FY17-19

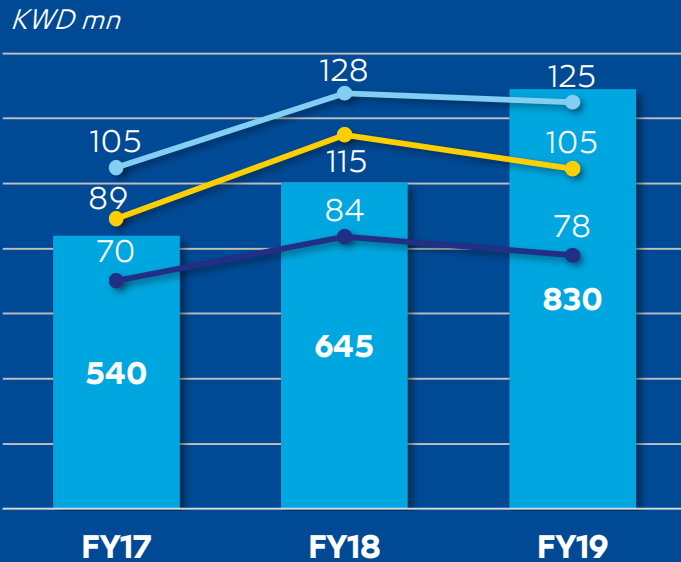


—●— Reported Net Margin
—●— Adjusted Net Margin

- Contribution from the facilities segment to revenue increased in FY19 as the "Jazeera Terminal" completed its first full year of operations

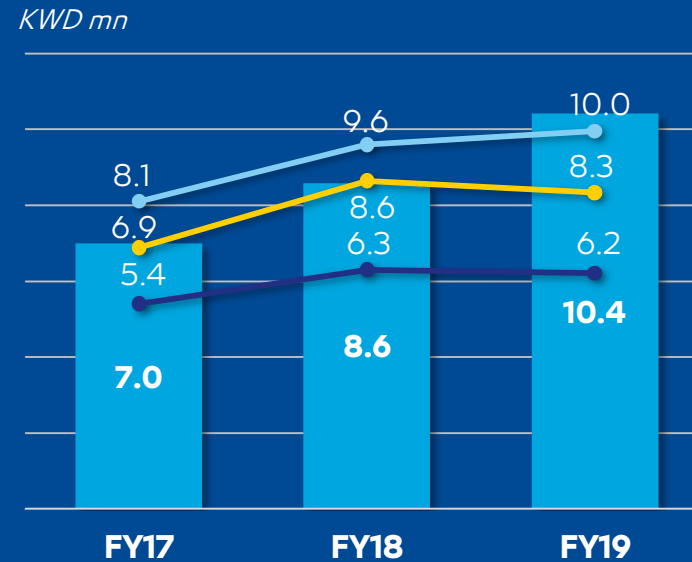
FY17-19 Financial KPIs

REVENUE AND COST / EMPLOYEE FY17-19



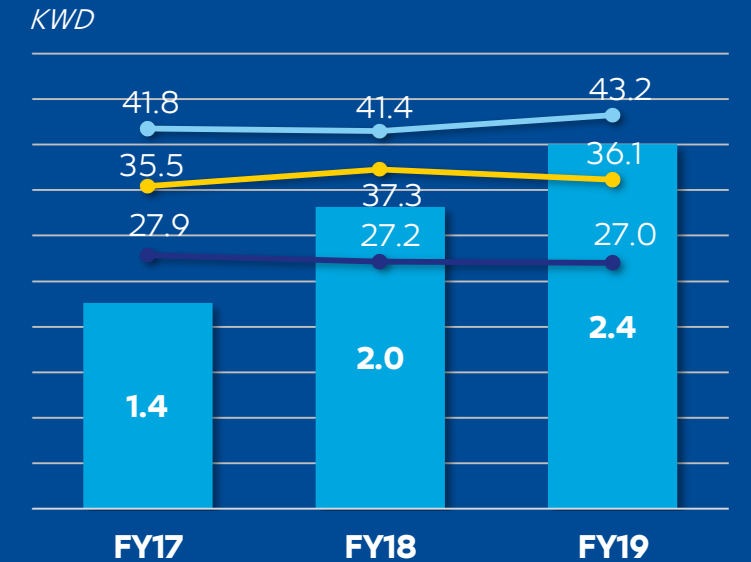
■ Employees
■ Revenue / Employee
—●— Costs / Employee
—●— Costs ex-fuel / Employee

REVENUE AND COST / AIRCRAFT FY17-19



■ Average Aircraft
■ Revenue / Aircraft
—●— Costs / Aircraft
—●— Costs ex-fuel / Aircraft

REVENUE AND COST / PASSENGER FY17-19

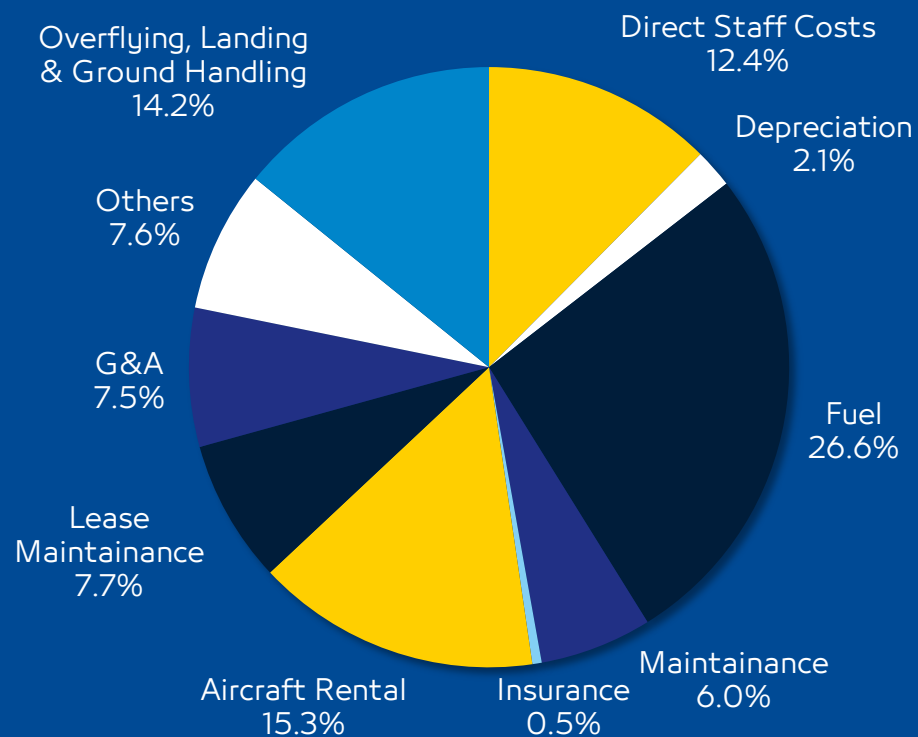


■ Passengers
■ Revenue / Passenger
—●— Costs / Passenger
—●— Costs ex-fuel / Passenger

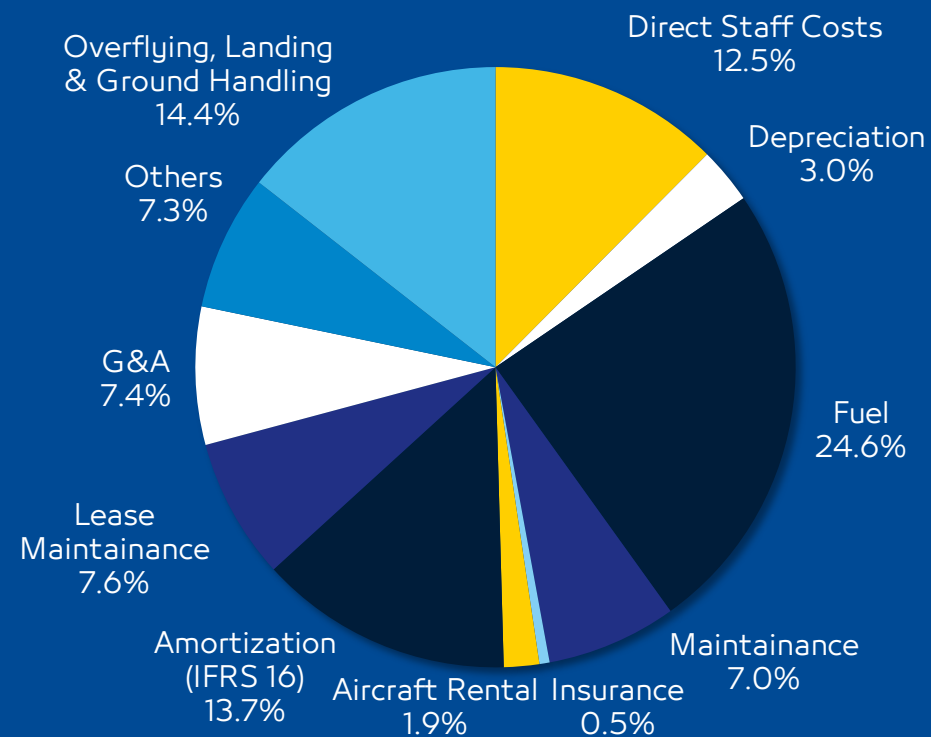
- Total revenue per aircraft and per passenger increased driven by better utilization of assets while revenue per employee dropped marginally as hiring continues to meet future operational growth requirements
- Unit cost decreased in FY19 pertaining to a focus on cost cutting initiatives as well as lower fuel prices during the year

Cost Breakdown

TOTAL COSTS BREAKDOWN FY18

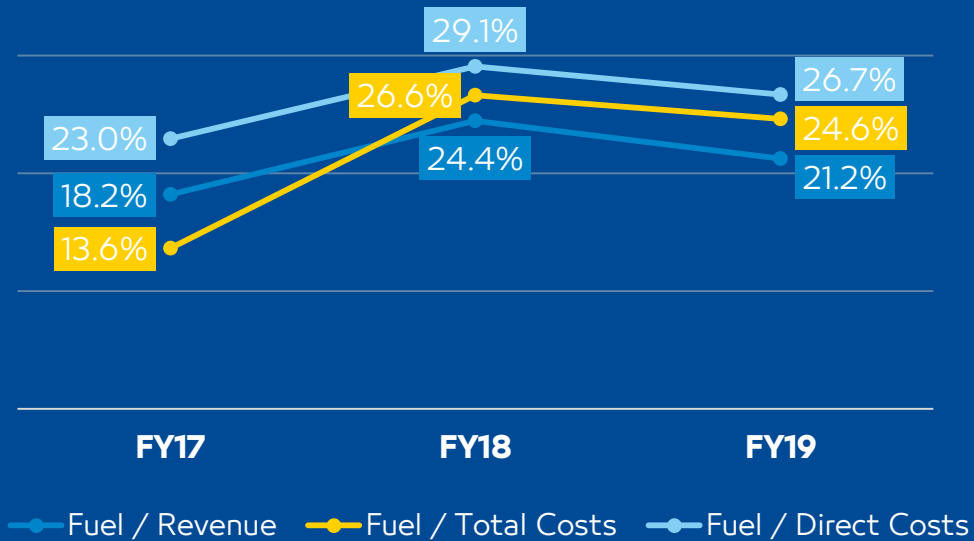


TOTAL COSTS BREAKDOWN FY19

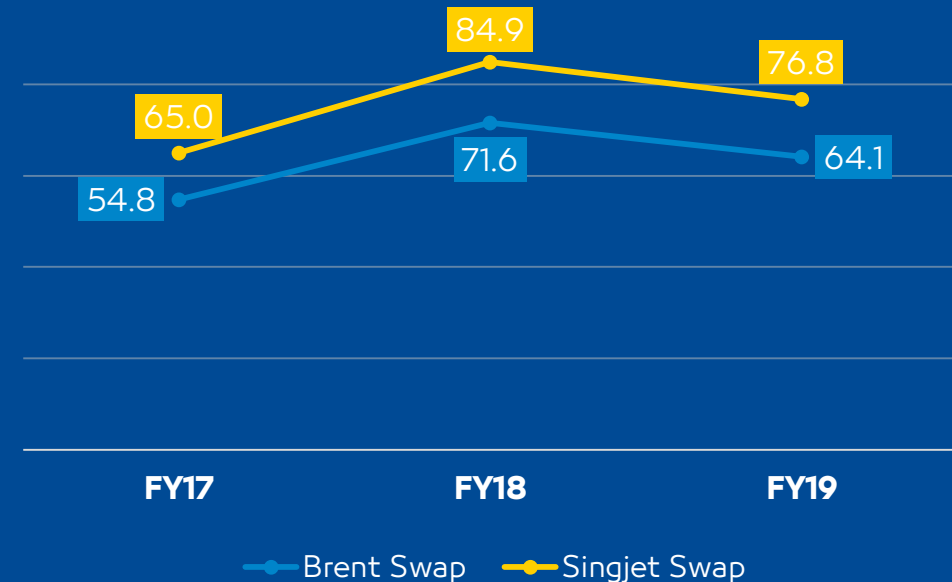


Fuel Prices

FUEL AS PERCENT OF REVENUE AND COST



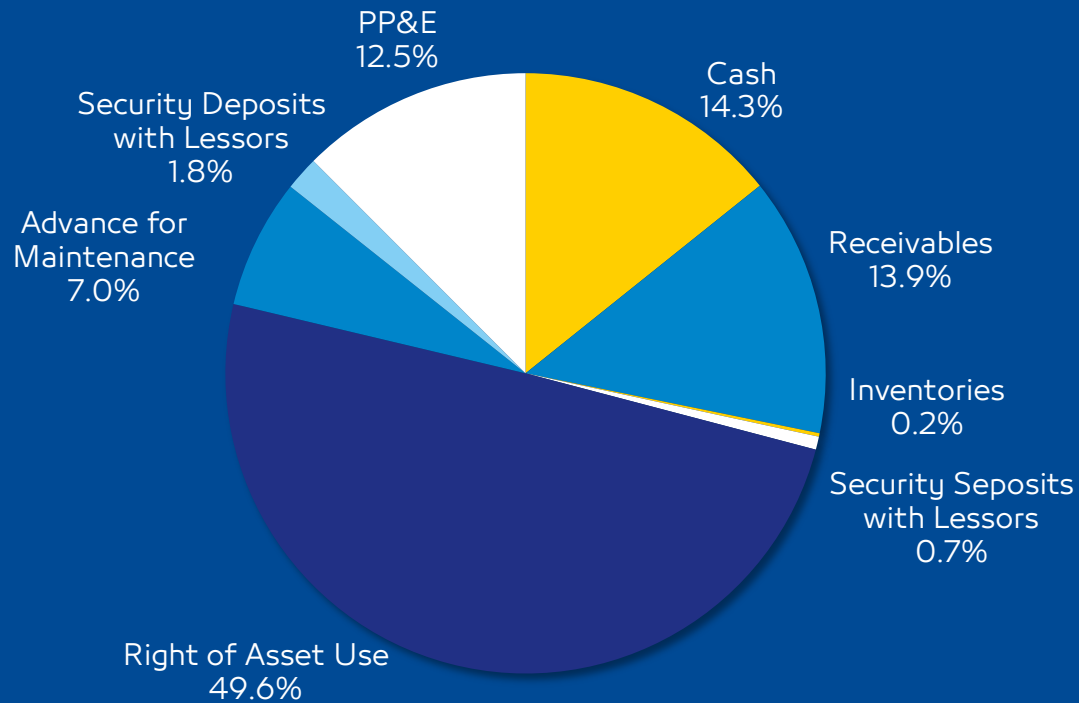
BRENT SWAP VS. SINGJET SWAP (USD/BBL)



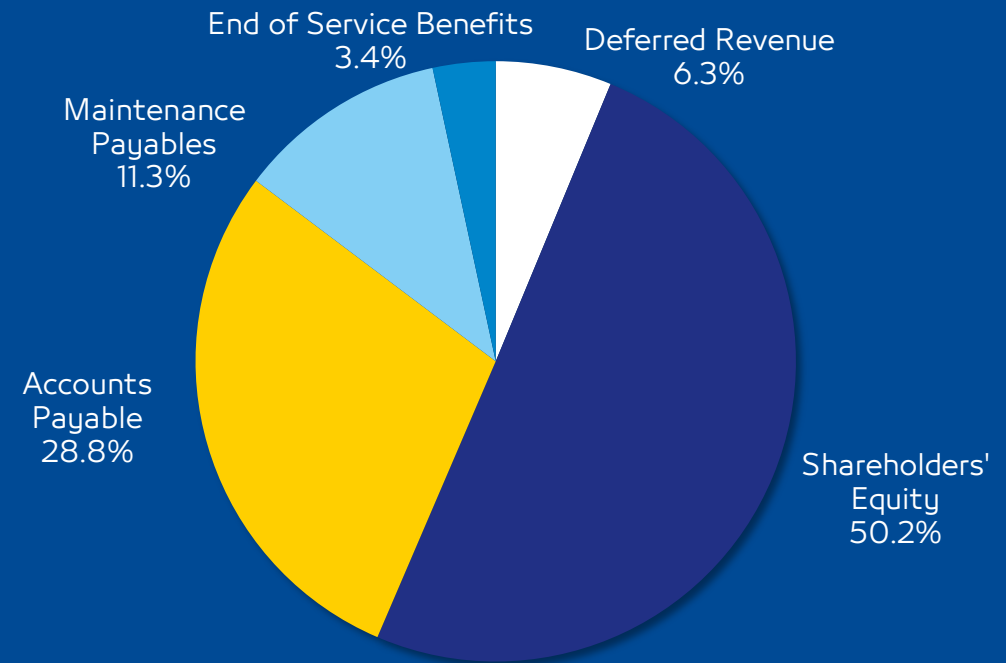
- Increase in fuel prices during FY17 and FY18 was slightly reversed in FY19 driving cost of fuel lower as a percent of revenue and cost

Capital Structure

ASSETS BREAKDOWN FY19



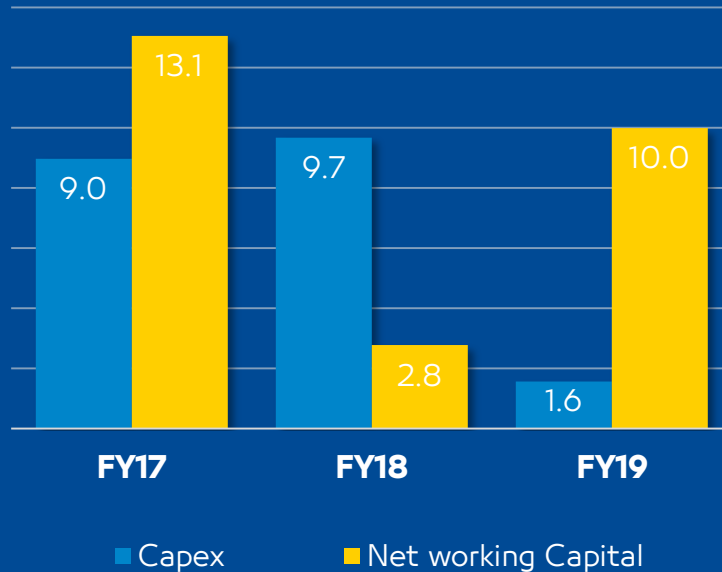
FUNDING BREAKDOWN FY19



Capital Structure

CAPEX & NET WORKING CAPITAL FY17 - 19

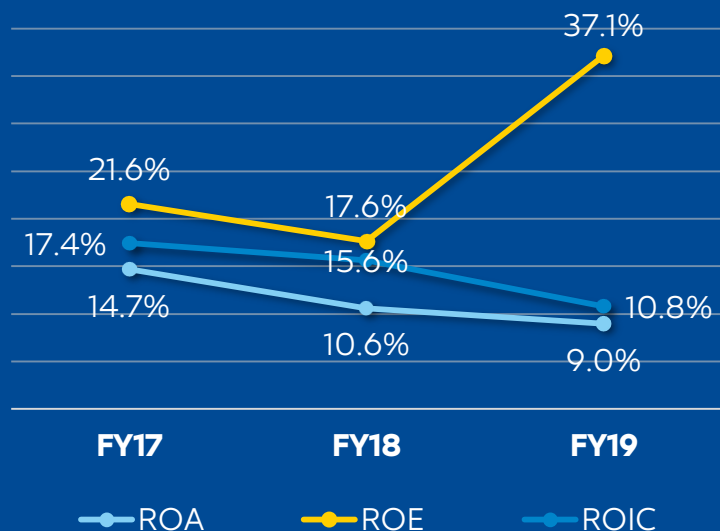
KWD mn



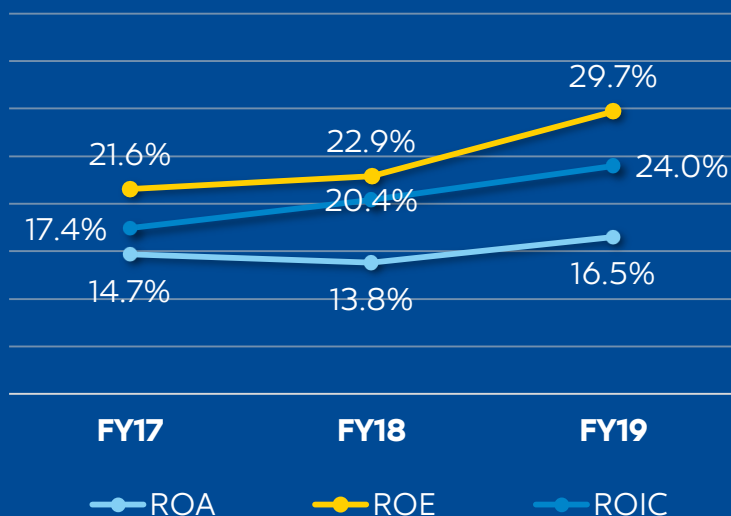
- FY19 was the first year of IFRS 16 implementation, which replaced the earlier leasing standard IAS 17 and had a significant impact on assets and liabilities
- PP&E decreased slightly during the year driven by lower capital expenditures and the disposal of aircraft engines
- Despite the impact of IFRS 16, equity still represents 50% of total funding with no exposure to bank debt
- Net working capital increased again to normalized levels in FY19 after a drop in the previous year

Financial Ratios

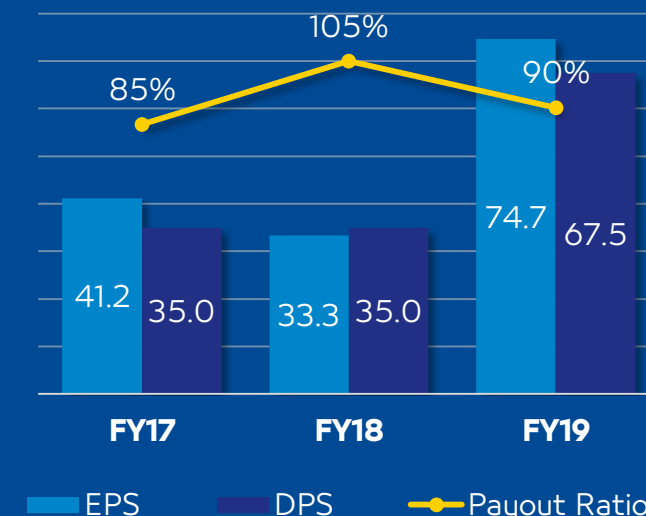
REPORTED ROA, ROE & ROIC FY17-19



ADJUSTED ROA, ROE & ROIC FY17-19C



EPS, DPS & PAYOUT RATIO FY17-19



- Reported ROA and ROIC were pressured by the accounting adjustments of IFRS 16 while ROE increased in FY19 to 37.1%
- FY19 reported EPS increases by 124% while dividends increased by 93% reflecting the company's healthy cash flow
- Cash conversion days increased due to increase in receivables but remains negative given Jazeera's operational model

	FY17	FY18	FY19
Current Ratio (x)	1.9	1.1	1.3
Cash Ratio (x)	1.6	0.3	0.6
Working Capital (KWD mn)	13.1	2.8	10.0
Total Assets Turnover (x)	1.0	1.3	0.6
Debt / Equity (%)	0.0%	0.0%	0.0%
Cash Conversion Cycle (days)	-48.0	-27.7	-18.9

Summary Financial Statements

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Income Statement (KWD mn)	FY17	FY18	FY19
Passenger revenue	52.3	74.9	91.1
Ancillary revenue	4.3	6.2	8.3
Terminal revenue	0.0	1.2	4.3
Revenue	56.6	82.4	103.7
Direct costs	(44.4)	(68.5)	(80.1)
Gross profit	12.3	13.9	23.6
SG&A	(3.7)	(5.6)	(6.6)
EBITDAR	17.8	19.8	30.6
EBITDA	8.5	8.3	17.0
Depreciation and Amortization	(0.8)	(1.5)	(2.7)
EBIT	7.7	6.8	14.2
Net profit /(loss)	8.2	6.7	14.9

Balance Sheet (KWD mn)	FY17	FY18	FY19
Cash	22.8	6.5	23.8
Total current assets	270	241	48.5
Right of asset use	0.0	0.0	82.7
Net fixed assets	13.8	22.0	20.8
Total Assets	56.2	62.9	166.7
Debt	0.0	0.0	0.0
Lease liabilities	0.0	0.0	89.0
Total Liabilities	18.0	25.0	126.4
Shareholders' Equity	38.2	37.8	166.7

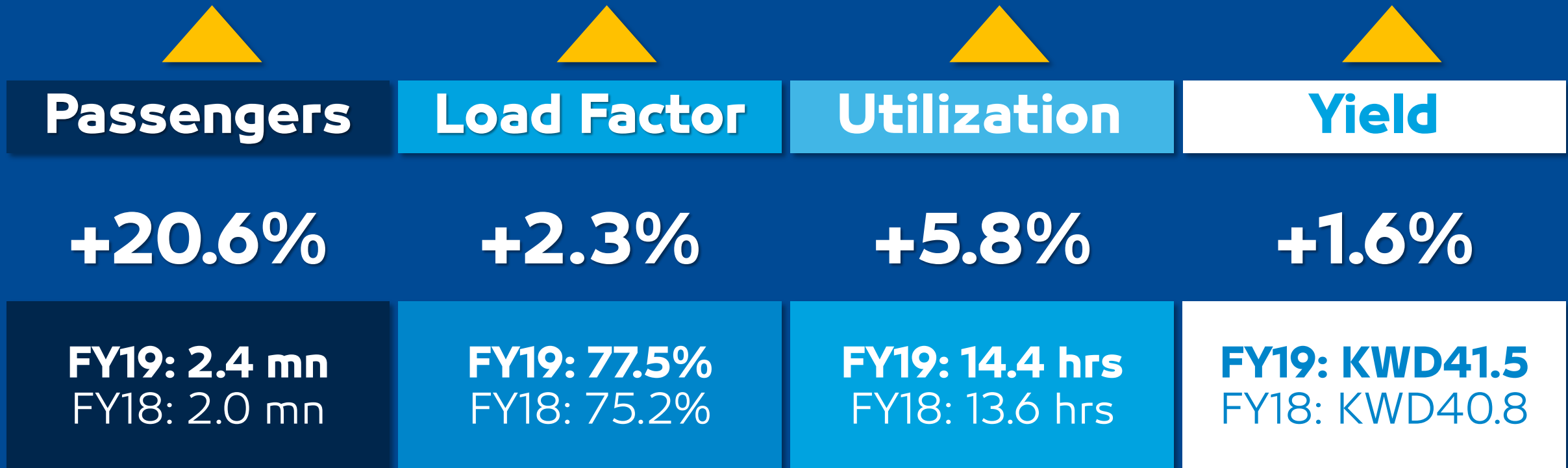
Cash Flow Statement (KWD mn)	FY17	FY18	FY19
CF from Operations	9.0	3.5	36.1
CF from Investing	(8.7)	(12.5)	0.3
CF from Financing	(7.0)	(7.0)	(19.1)
Change in cash	(6.7)	(16.0)	17.3
Ending Cash	22.8	6.5	23.8

* FY19 CF from operations and Financing affected by KWD12 mn repayment of lease liability under IFRS 16 compared to previous years

Operational Performance

Moments before the first flight took off to LGW, Jazeera Airways Chairman with the British Ambassador to Kuwait, German Ambassador to Kuwait, Director General of Kuwait's DGCA and the Head of Security for Airports at Mol.

Operational Highlights



Operational Headlines

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eCommerce
Sales

16.3%
vs. FY18



Ancillary
Revenue

35.0%
vs. FY18

Operational Headlines

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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.

Operational 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

London
100%

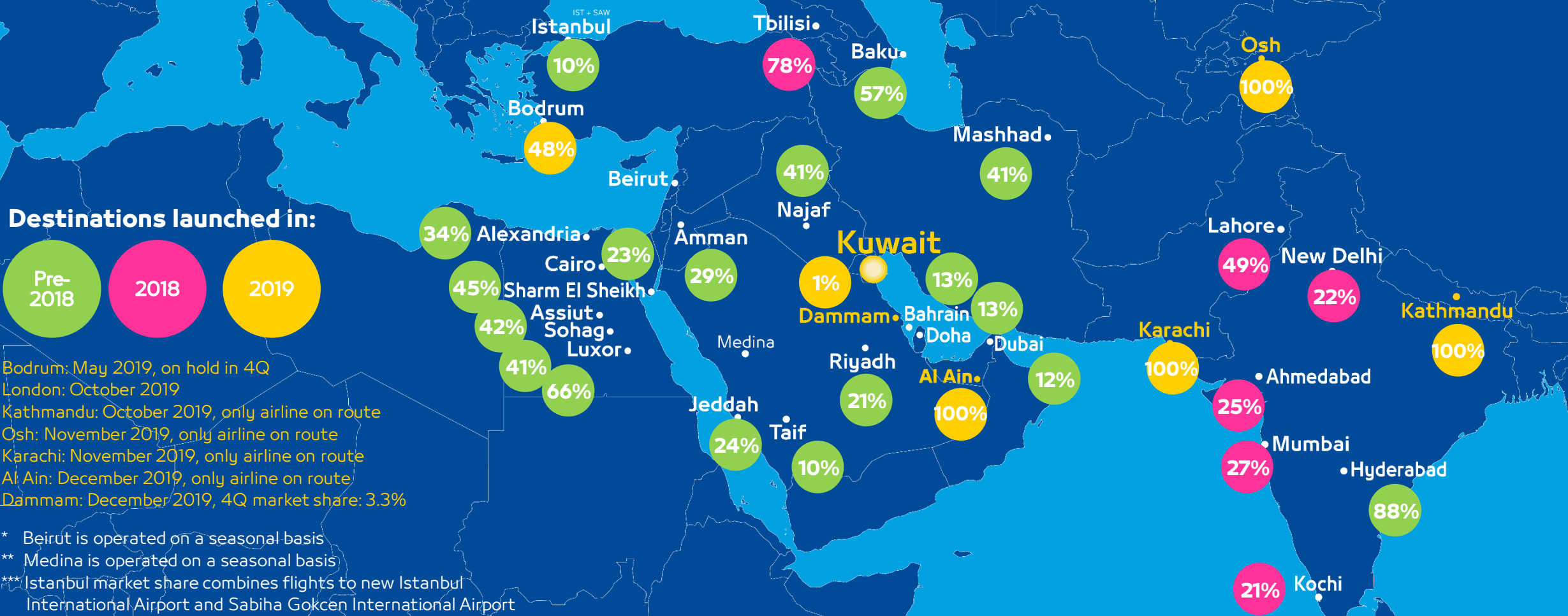
Only airline operating LGW. Market share for LGW + LHR: 1.6%.

Destinations launched in:



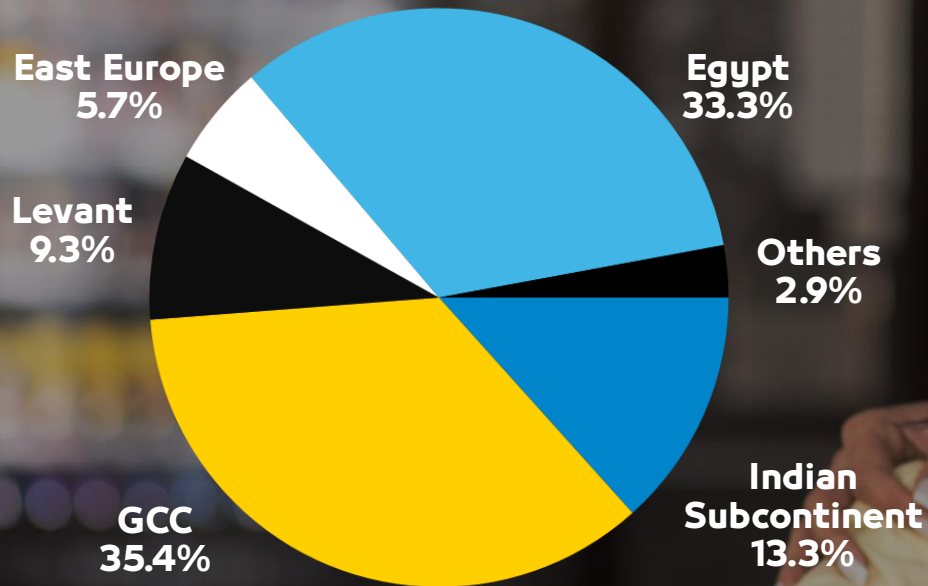
Bodrum: May 2019, on hold in 4Q
 London: October 2019
 Kathmandu: October 2019, only airline on route
 Osh: November 2019, only airline on route
 Karachi: November 2019, only airline on route
 Al Ain: December 2019, only airline on route
 Dammam: December 2019, 4Q market share: 3.3%

* 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

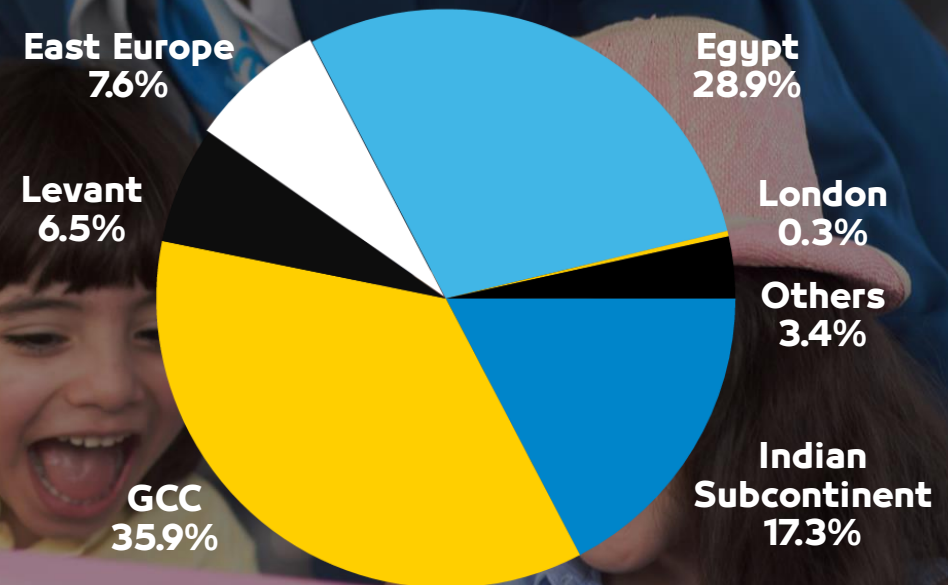


Geographic Distribution

Passengers Geographic Distribution 2018



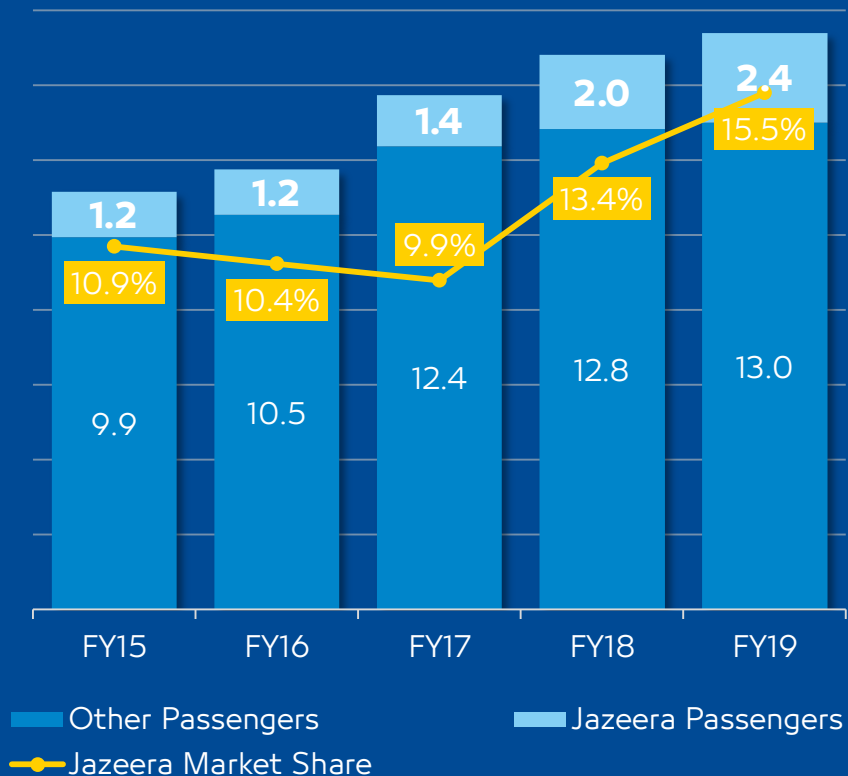
Passengers Geographic Distribution 2019



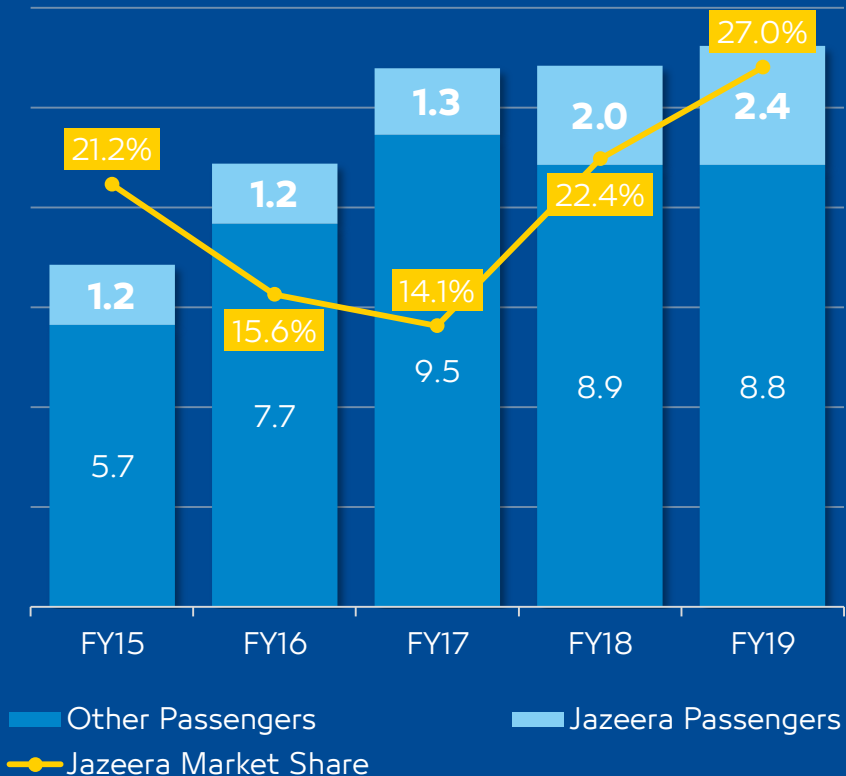
- Operational progress in the Indian Subcontinent contributed significantly to FY19 passengers' growth as most destinations operated at high load factors and the market responded positively to the offering
- Egypt remains a major market for Jazeera with six destinations covering different passenger segments
- Introduction of London during 4Q19 as the first step to further penetration of the European market

FY19: Jazeera Market Share

Market Share of Total Passengers FY15-19



Market Share on Operating Routes FY15-19



FY17-19 Expansions



Creating a connection hub
via Kuwait throughout
Jazeera's network

New Destinations:

6

West + East Europe

- London Gatwick
- Sabiha Gokcen, Istanbul
- Bodrum, Turkey
- Osh, Kyrgyzstan
- Tbilisi, Georgia
- Baku, Azerbaidjan

2

Middle East

- Al Ain, UAE
- Dammam, KSA

8

Indian Subcontinent

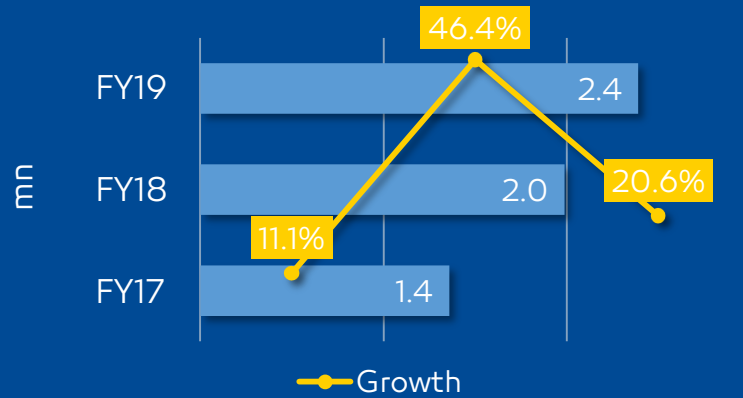
- Mumbai, India
- Hyderabad, India
- Ahmedabad, India
- Kochi, India
- New Delhi, India
- Lahore, Pakistan
- Karachi, Pakistan
- Kathmandu, Nepal

Serving

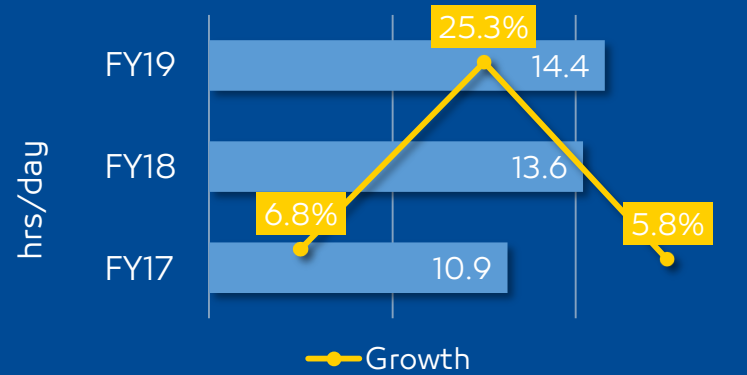
- More than one million Indian residents in Kuwait and eight million residents in the GCC
- Large expat community in Kuwait and the GCC
- Tourists segments in Kuwait and the GCC
- Tourists segments from Asia to Middle East and Europe

Key Operational Indicators

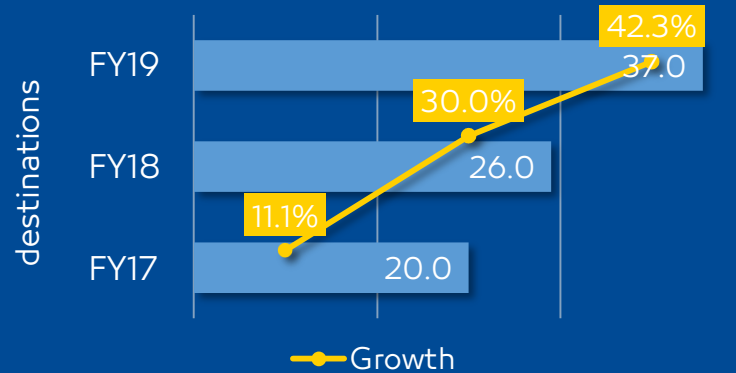
PASSENGERS FY17-19



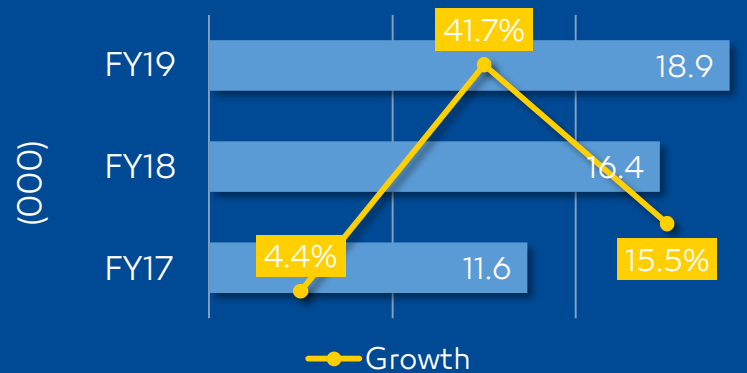
UTILIZATION FY17-19



DESTINATIONS FY17-19



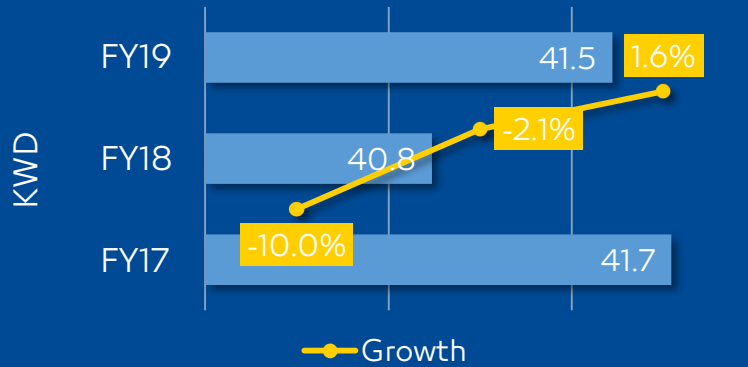
SECTORS FY17-19



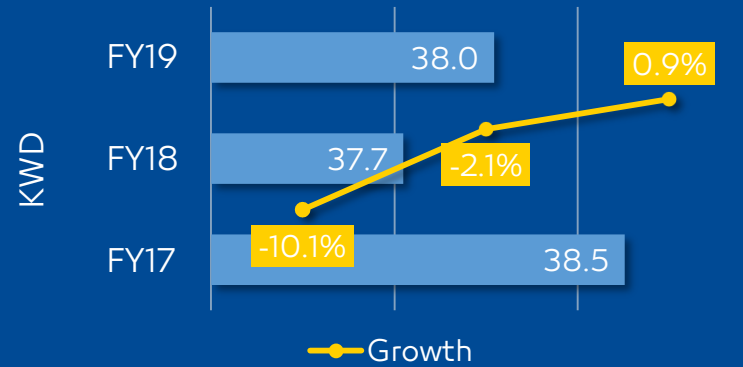
- Servicing the large expat community drove continuous offering of new destinations
- Improved asset utilization allowed more flying sectors to key destinations
- The combined impact was a 71% growth in the number of passengers between FY17 and FY19.

Key Operational Indicators

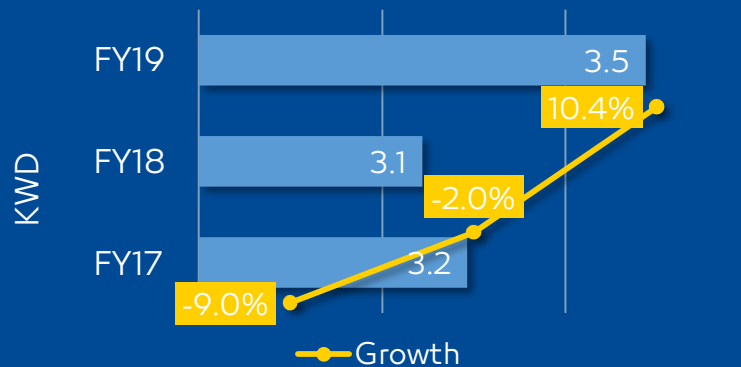
TOTAL YIELD FY17-19



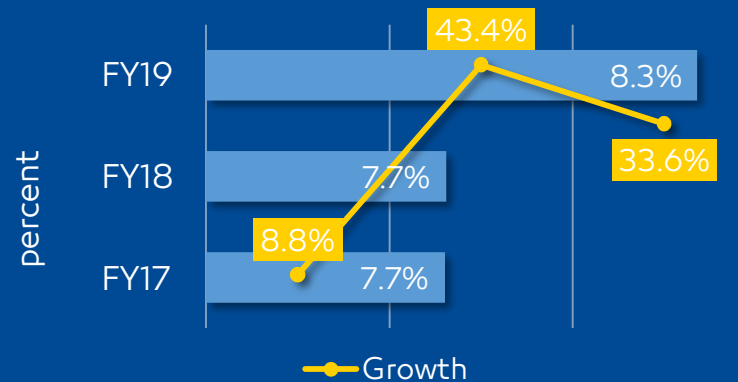
PASSENGER YIELD FY17-19



ANCILLARY YIELD FY17-19

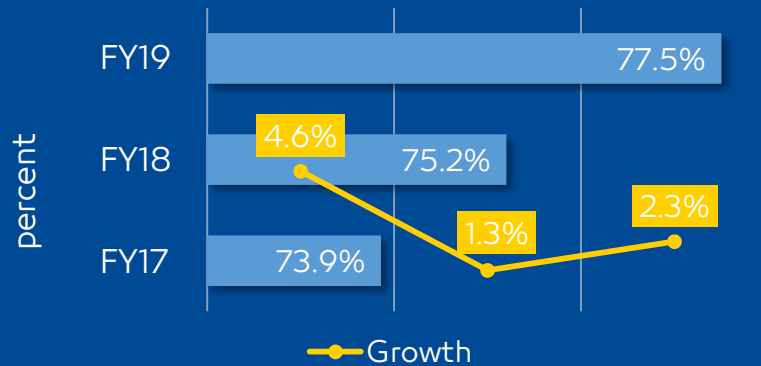


ANCILLARY REVENUE / AIRLINE REVENUE FY17 - 19

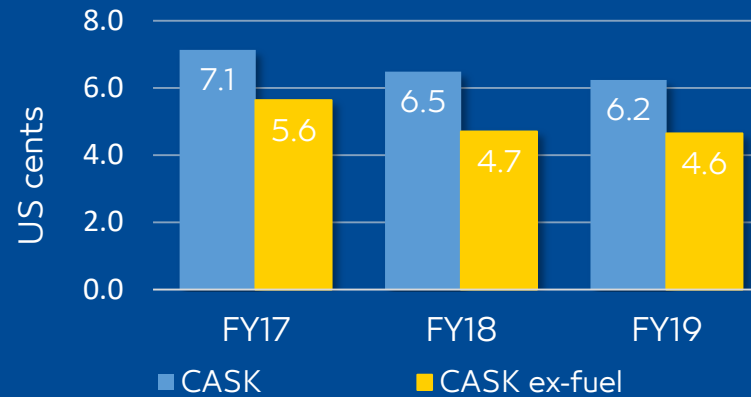


Key Operational Indicators

LOAD FACTOR FY17-19

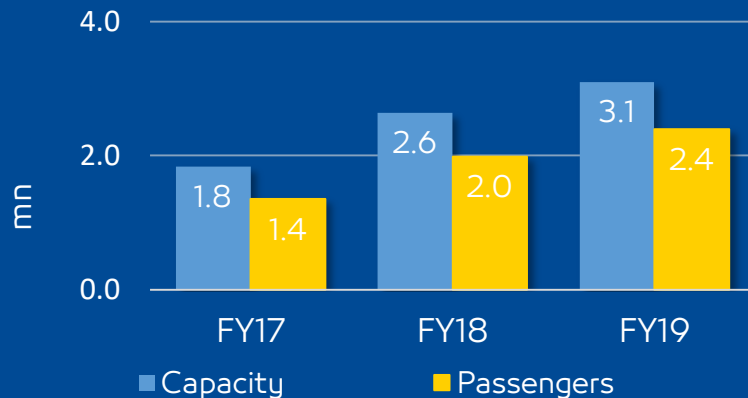


CASK, CASK EX-FUEL FY17-19

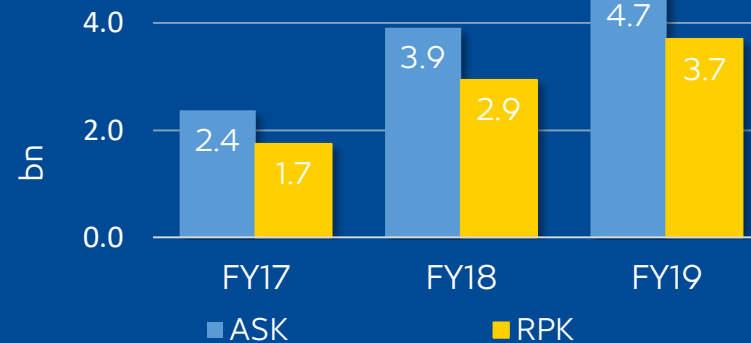


- Load factor increased for the third consecutive year to reach 77.5%
- Ongoing evolution in service offering led to growth in flown seat capacity as well as number of passengers

CAPACITY & PASSENGERS FY17-19



ASK & RPK FY17-19



- Lower CASK and CASK ex-fuel in FY18 followed by a similar trend in FY19

Fleet

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13 aircraft

9 A320s
+ 4 A320neos

Five more
A320neos in 2020

▶ Moved to A320neo orders for:

- 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

▶ 3 new A320neo delivered in Q4 2019



الدرجة السياحية
جميع الوجهات
3

الدرجة السياحية
جميع الوجهات
4

الدرجة السياحية
جميع الوجهات
5

Economy Class
All Destinations

الدرجة السياحية
جميع الوجهات
6

الدرجة السياحية
جميع الوجهات
7

Economy Class
All Destinations

Jazeera Facilities

The Nepalese Ambassador to Kuwait attends the inaugural flight to Kathmandu in November

Jazeera Facilities

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Airport facility management and services provision is the new segment Jazeera is penetrating

A vertical integration that improves customer experience and diversifies revenue generation into a more defensive segment

Structurally managed under Sahaab Aviation Services (SAS), a 100%-owned subsidiary of Jazeera Airways KSCP.

Sahaab Aviation Services (SAS):



Jazeera Terminal (T5)

Terminal 5, operational since May 2018.



Park & Fly

Introduced in FY16, and provides ample parking spaces for long-term parking and remote check-in.



Jazeera City

Location of Jazeera Airways and SAS headquarters.

Jazeera Terminal (T5)



Regulated Charges

- Check-in charges
- Airport and passenger charges

Parking

Retail

- Duty Free
- Other retail stores

Concessions

Jazeera Terminal (T5):

- Jazeera Terminal is the flagship of Jazeera facilities and the first privately-owned terminal in the region
- Attached to the main terminal of Kuwait International Airport and connected to Jazeera's dedicated gates
- Served all Jazeera passengers since opening in May 2018 (FY18: 1.2 mn passengers, FY19: 2.4 mn passengers)
- Allows Jazeera to take full control over customer experience from parking to gates then onboard its flights
- Concession life of 20 years starting May 2018
- Kuwait International Airport has a natural monopoly being the only aviation outlet in Kuwait
- All required CAPEX already incurred during FY17-19 via 100% internal funding

Jazeera Terminal (T5)

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FY19

▲
KWD4.3 mn
Revenue

▲
KWD2.1 mn
EBITDA

▲
KWD1.2 mn
Net Profit

FY18

▲
KWD1.2 mn
Revenue

▲
KWD0.3 k
EBITDA

▲
-KWD534 k
Net Profit

FY19 operations updates:

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 (October 2019)

Visa entry desks:
Operational since 3Q19

2.4

million passenger in FY19

Other Facilities



Park & Fly

Check-in Fees

Parking

- An innovative solution in response to the need of long term parking in Kuwait International Airport
- Offers a remote check-in facility

Park & Fly

- Complementing the customer-centric T5, Jazeera Airways' Park & Fly service connects passengers to T5 through a shuttle
- Located at the Jazeera Airways headquarters opposite the Amiri Terminal
- Park & Fly is ideal for passengers who opt to leaving their car at the Airport for a nominal fee of KD2.500 per day
- Passengers can park their car, check-in, drop-off their baggage and enjoy a shuttle transport to T5



Jazeera City

Headquarters

Flagship Building

Customer relations and sales desks

DACO
مشاركة مطار الدمام
Dammam Airports Company

الجزيرة.
Jazeera.

الجزيرة.
Jazeera.

تعيين الرئيس التنفيذي للمهام الكويتية

FY18-20 Business Plan

Jazeera team in Dammam after the landing of the first flight to be operated on the new route

2020 Planned Developments

Expand network



New routes planned:

- Sharjah, UAE
- Chittagong and Dhaka, Bangladesh
- Qassim and Hail, KSA
- Yerevan, Armenia
- Trabzon, Turkey
- Increase 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 Planned Developments

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- From January 1, 2020, Jazeera 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%



FY18-20 Business Plan

Fleet

FY18: 8 aircraft
FY19: 13 aircraft
FY20: 17 aircraft
(Previous FY20 target: 15)

Fleet of leased A320 to remain the sole aircraft body utilized

New aircraft are A320neo that create close to 18% fuel savings

Jazeera Terminal

Ramp up Jazeera Terminal and streamline operations

Seek further expansions to add more capacity

Continue to evaluate other potential opportunities along the supply chain

Destinations

FY18: 26 airports
FY19: 37 airports
FY20: 44 airports
(Previous FY20 target: 40)

High traffic destinations within our flying radius of +6.5 hours

Further penetrate European and Indian subcontinent markets

Expand and increase frequency in existing markets like the Indian Subcontinent and GCC

Load Factor

FY18: 75.2%
FY19: 77.5%
FY20: +75%

Maintain a minimum load factor of 75%.

Diversify customer base to capture more segments

Utilization

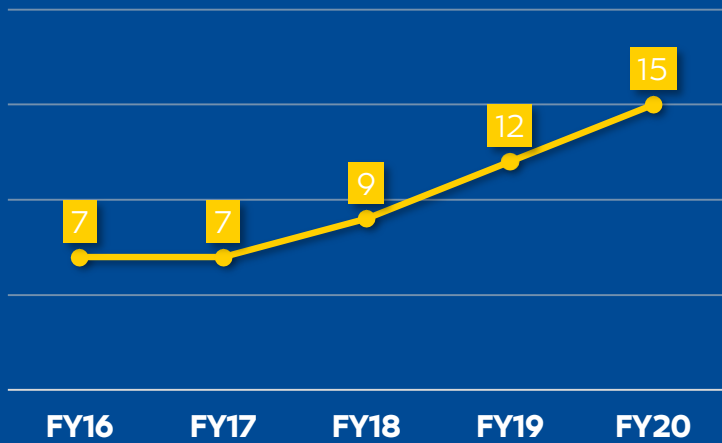
FY18: 13.6 hours
FY19: 14.4 hours
FY20: +14 hours

Focus on efficient asset utilization

Support growth and cost efficiencies via maximizing aircraft use

FY18-20 Business Plan

Fleet

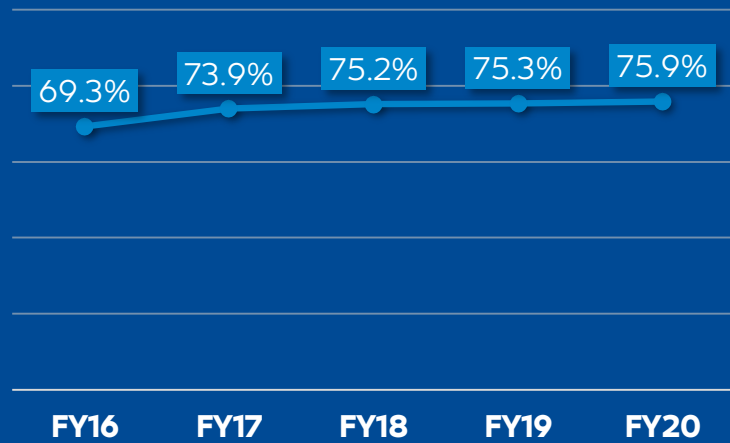


Target achieved

Year end fleet: 17 aircraft

Contracts signed for 3 new aircraft

Load Factor

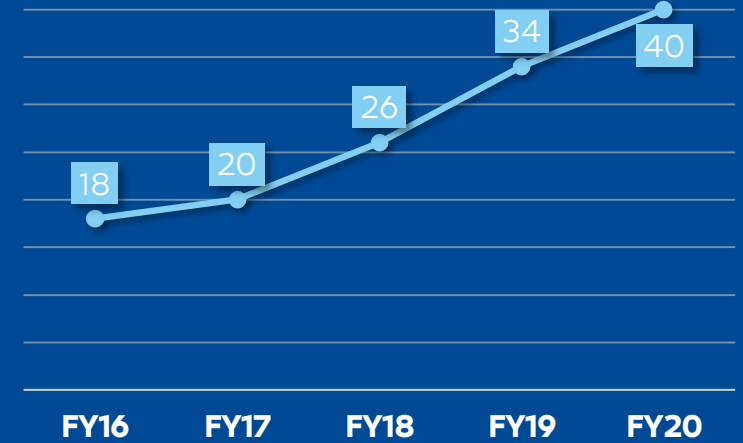


Target achieved

Aim to improve load factor

Focus on high traffic sectors like London and Dhaka over more destinations

Destinations



Target achieved

As planned

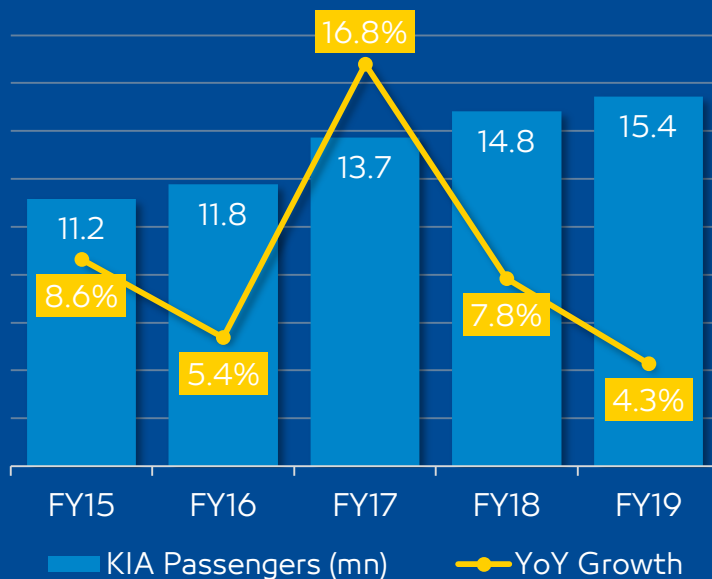
37 Destinations

Market Analysis

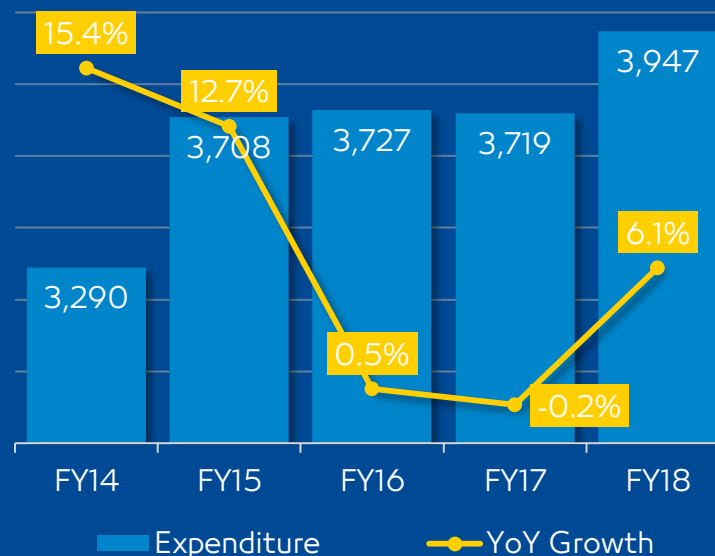
First Jazeera aircraft landing at LGW with our first flight on October 27, 2019

Market Analysis

KUWAIT INTERNATIONAL AIRPORT TRAFFIC FY15-19 *



KUWAIT EXPENDITURE ON OUTBOUND TRAVEL FY14-18 **



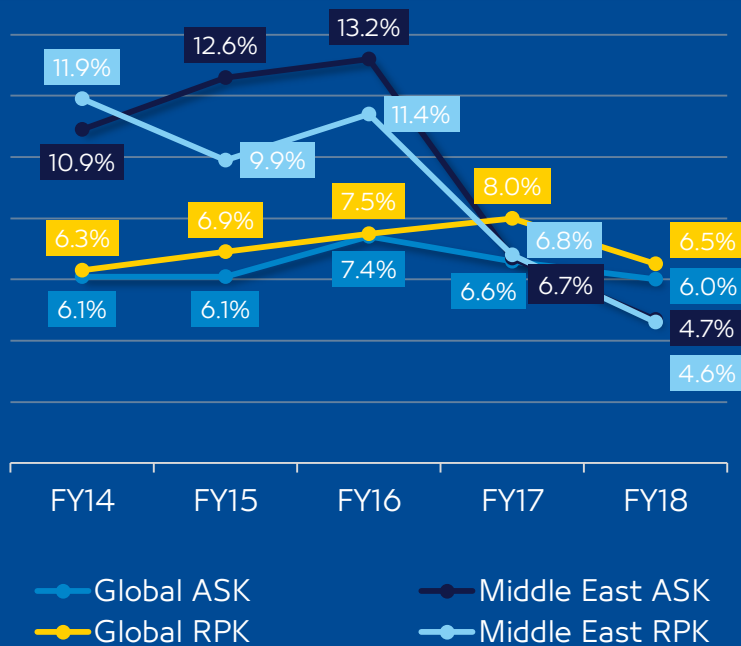
- Persistent growth in Kuwait International Airport traffic reporting a FY15-19 CAGR of 8.5%
- Expenditure on outbound travel, which reflects the country's high tendency to travel, grew at FY14-18 CAGR of 4.7%

* Source: Kuwait Directorate of Civil Aviation

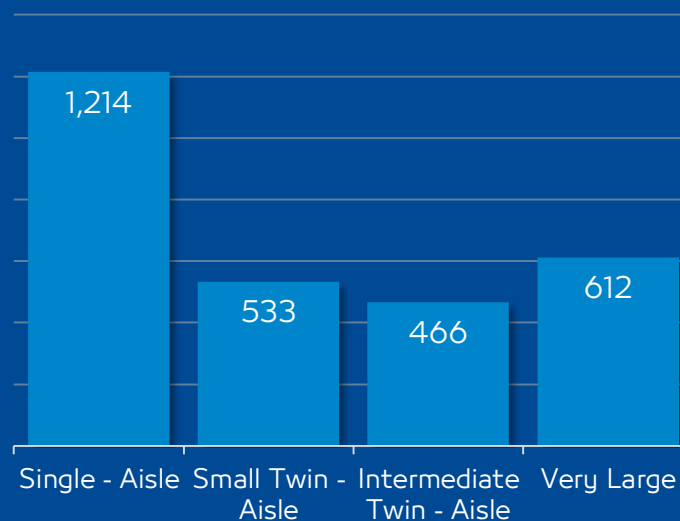
** Source: World Travel and Tourism Council

Market Analysis

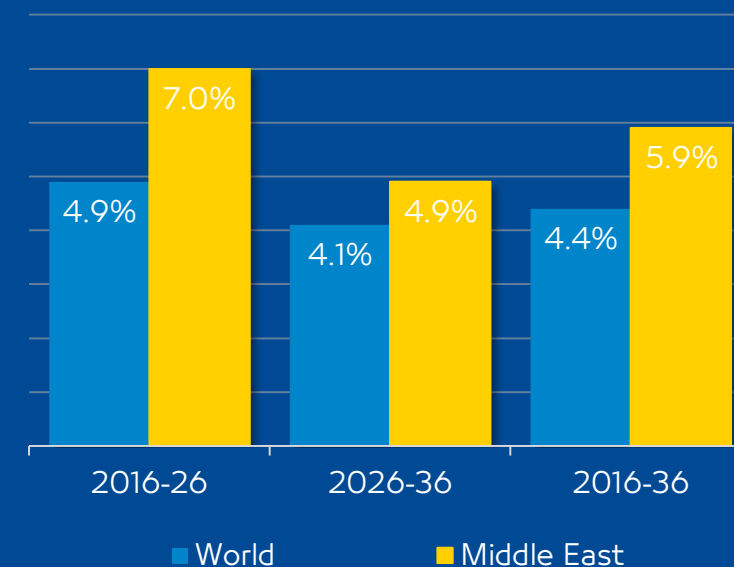
TRAFFIC AND CAPACITY FY14-19 *



NEW DELIVERIES BY SEGMENT FY17-37 **



TOTAL FORECASTED TRAFFIC GROWTH FY16-36 **



- According to Airbus, more than 40% of the world's population is within reach of the Middle East using a single-aisled aircraft such as the A320neo model
- The Middle East is expected to receive a total of 2,825 new aircraft between 2018 and 2037, of which 2,010 will be new additions to the existing capacity
- Regional capacity supply has been increasing against the global trend, putting load factors under pressure

* Source: IATA Statistical Factsheet

** Source: Airbus Global Market Forecasts 2018-2037

Contacts

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Jazeera Airways KSC is listed on the Kuwait Stock Exchange

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Thank you

