Transcript of Jazeera Airways K.S.C.P. 1Q21 Analysts / Investors Conference Call held on Tuesday 11 May 2021

Mirna: Hello, everyone. This is Mirna Maher from EFG Hermes and welcome to Jazeera Airways first quarter 2021 results conference call. I'm pleased to have on the call with me today Rohit Ramachandran, Jazeera CEO, Krishnan Balakrishnan, CFO, and Mostafa El-Maghraby, Head of Investor Relations. I now hand over the call to management for a quick presentation and then we'll open the call for the Q&A session. Please go ahead.

Rohit: Hello, everyone, and welcome to Jazeera Airways' first earnings call of the financial year 2021. This call is to discuss the results of the first quarter. Before we begin I'd like to take this opportunity to wish each one of you, your colleagues and your families a very happy Eid Mubarak and hope you're able to enjoy a few days off over the coming long weekend.

We have slightly changed the format of the call this time around, most importantly to aid in transparency. We believe that having a video call WebEx would help us to share more information with you in real time and help you to ask more relevant questions and that of course is the goal.

Moving straight on to the first quarter, the first quarter was actually full of activity from our point of view but also notably from lack of expansion at Kuwait Airport and reopening of two-way scheduled services if you were to look at it from a glass-half-empty approach. The general situation remains less than ideal for an airline like Jazeera and for us to operate at our full potential and harvest the fruits of our team's hard work and exhaustive planning and most importantly of all the entrepreneurial spirit.

Yet, as we show in this graph shortly, we managed to secure some interesting traffic rights during the quarter, launch some new routes and exploit available opportunities as far as practically possible. By now you're aware that Kuwait International Airport remains closed for operation with an arrival quota of no more than 1,000 passengers per day for all airlines combined and all incoming passengers must be Kuwaiti nationals; expats and other foreigners both resident and visitors are not permitted to enter Kuwait.

This has been the situation since early February and it's a significant shock to our operating plan which we set out during December of last year as an outlook for 2021.

However as the roll-out of vaccines continued to accelerate in Kuwait - we've now reached more than 35% of the total population - and continues to progress at a much better pace than originally anticipated the Government is removing restrictions in a number of areas. This is extremely promising.

Just yesterday the Government has announced the lifting of the partial curfew that was there for the last almost two months and the opening of movie theatres and other places of entertainment and food and beverages.

Let's now move to slide eight and go on to our financial and operational headlines. As you're familiar with our presentation format I would like to take you now for a review of our first-quarter operational performance. During the quarter Jazeera carried 104,000 passengers against almost 0.5 million passengers the same quarter of last year which, if you recall, had two-and-a-half months of full operation before the airport shut down in mid-March.

This quarter however we shifted our focus to transit flights connecting passengers between several stations within our network and when we put this in perspective this number, although small to what we actually aspire to achieve, puts Jazeera at the highest rank in terms of market share at Kuwait International Airport. I will share with you more details about this in the slides ahead.

Of course this is a detriment to the effectiveness of the model and the nimble and mobile approach, trying to take the best advantage of a subdued situation. Load factor for the quarter stood at 58.4. Actually almost all the flights we operated full. The issue was that many of them were in one direction because we were not permitted to carry passengers in the other direction and so the load factor reflects that.

We had slightly higher utilization in the previous quarter compared to this one. We registered 3.3 hours. One aircraft joined our fleet in February. Yield again remained on the higher side as a direct impact of the limited and restricted supply from Kuwait and at KWD75 compared to KWD34 in the first quarter of last year but slightly lower than KWD92 which was in the fourth quarter of last year.

Moving on to the following slide, let's look at the financial headlines. Jazeera reported a revenue of KWD8.1 million, which is down from 19 million in the comparable period last year. Operating losses for the quarter came in at 5.3 million while the net loss improved by 14% to register 5.2 million as opposed to the six million loss in the first quarter of last year, which was driven by some below-the-line adjustments that Krishnan will elaborate in his section of the presentation.

Operations at Jazeera terminal T5 of course kept pace with the subdued performance of the airline and remained below par and of course this was a direct result of the ongoing restrictions placed on travel by Kuwait. The limited airport capacity that affected the terminal operations through most of 2020 continued to cast a shadow on the first quarter of 2021.

Revenue generation from the terminal remains constrained but we continue to put close controls on cost and thereby manage to contain losses to slightly below the KWD 400,000 figure.

Moving on to a discussion on our operational performance during the quarter, as mentioned earlier, a major part of our effort was directed towards planning for the future and setting up the scene until we resume proper operations. For any airline a major asset is the traffic rights this airline has under its belt.

Over the last few months Jazeera acquired nine new traffic rights. Dhaka and Colombo were secured last year. There were some very active destinations like Addis Ababa in Ethiopia, Khartoum in Sudan and Kabul in Afghanistan as well as tourist destinations like Tashkent, Yerevan, Bishkek and Sarajevo during the first quarter of this year.

On the operational front we've shifted gears to focus on connecting flights to bypass the existing restrictions at Kuwait airport. Just imagine; we're carrying passengers from A to C, completely bypassing B, which is our home base, to get around the severe restrictions put on us by the health authorities.

In other words for example we were carrying passengers from Dhaka in Bangladesh to Riyadh in Saudi Arabia, from Kathmandu in Nepal to [unclear] in Saudi Arabia, from Addis Ababa in Saudi Arabia to Dubai in the UAE and so on.

Perhaps if you look at these two pie charts it's going to shed some light on how challenging planning such operations is for a model that is not core to the low-cost carrier business. What's creditable in these charts is that for the first time in history Jazeera is the largest operator in Kuwait International Airport. In March as well as in April Jazeera carried more passengers and operated more sectors than any other airline into Kuwait or out of Kuwait including Kuwait Airways, the national carrier.

This is despite Kuwait Airways having a fleet almost double the size of Jazeera. I'm sure you've heard me say this before but this is just another example of how nimble and effective Jazeera's business model is.

The following two slides, numbered 14 and 15, show some very interesting facts about our business. Normally, as regular listeners are aware, I do not share route-level performance; in other words, I don't share specific details about the route profitability but I though on this occasion I'd make an exception and show you some behind-the-scenes information, lift the curtain a little bit to show you what makes Jazeera's model so profitable and ideal.

These two slides, this one about Jan and February and this one March and April, show you route profitability at the DOC level, which is the direct operating cost. As you're aware, our operations are highly constrained, which means where we used to operate 35 or 40 flights per day today we're operating just seven or eight flights per day.

But even with this heavy restriction you can see the light blue line in the vast majority of routes are to the right of the graph and not to the left, which means that the vast, vast majority of the routes are not only meeting all their direct operating costs but also making a small operating profit.

The only exceptions to this are the two routes that you see at the extreme bottom of the graph - one is Doha and one is Addis; Doha because most of the traffic revenue when it's pro-rated from its origin to its destination, the Kuwait-Doha sector being the shortest sector gets the smallest share of revenue and hence you find in this kind of a calculation the contribution to be negative.

Addis of course is just a brand-new route, only a few weeks old and I'm very confident that Addis will definitely turn fully profitable in the months ahead. But every other route, you can see, even in the middle of a pandemic, even in the middle of all the restrictions, is not only meeting its operating costs but also showing a positive contribution.

The obvious question then from you all is likely to be, with all these routes showing a profit why isn't the airline showing a profit? The answer to that is scale, which means we are not being permitted to fly as much as the market requires or as much as we wish in order for these routes cumulatively to cover the fixed costs of the company in addition to the direct operating costs.

So when the restrictions are eased or lifted and we're able to operate more frequencies to these profitable routes they will of course cover the direct operating costs but also the fixed costs of the company that currently are unmet.

Let's now move on to a few other operational developments. On the fleet side we took delivery of a new A320neo in February while the second aircraft that was scheduled to join the fleet in Q1; we negotiated with Airbus and the lessors and got it pushed to the second half of the year. Of course the plan remains to close the year with 17 airplanes but as late in the year as possible.

We also launched two new destinations, Colombo and Addis Ababa, in February and March respectively. Both fall under the category of active traffic with many expats commuting to and from Kuwait or in other GCC states.

A very important development on the healthcare front; we are proud to announce that all Jazeera and terminal employees received both vaccines after liaising with the Ministry of Health and this sets us up to operate more freely and the team is more secure once the existing travel restrictions are listed.

During the quarter and as part of our ongoing normal engagement with our passengers we conducted a comprehensive market survey to assess the appetite for travel. The results were very encouraging and confirmed what we and perhaps you already expected; that demand is very solid and there will be high demand for travel once the opportunity to travel is available.

Previously we used to sense the market from daily operations by assessing trends of bookings and enquiries but given the disconnect from the previous few months from the majority of our customers we wanted to be in touch with our passengers. I expected, to be honest, just three or 400 responses to the survey and I was very surprised, pleasantly surprised to see almost 5,000 respondents to the survey.

Another very important development - and this is going to be critical for the reopening of air travel not just in Kuwait or the region but actually around the world; we have engaged in an active partnership with IATA to integrate the IATA Travel Pass into the Jazeera app in order to make the global travel passport available for travelers from and to Kuwait in the coming period.

The IATA Travel Pass essentially is a platform which validates authentic PCR test results which are demanded by many governments as well as enforces vaccines and the appropriate vaccine requirements by different countries and it's a platform that's acceptable across countries, across nations, across airports and across airlines.

The Travel Pass increases security and efficiency compared to the current paper process used to manage healthcare requirements. Jazeera is actually one of the first few airlines involved in the pilot projects in the LCC space within the Middle East to test the IATA Travel Pass.

Moving on to slides 20 and 21, as for our outlook for the coming months we see the accelerated roll-out of vaccinations as a major milestone and that will encourage health authorities to relax the current restrictions at Kuwait Airport. We see a gradual improvement in travel activity and in the larger network as well as in Kuwait during the third quarter building into greater normalcy in the fourth quarter.

You already see this because Kuwait health authorities have announced that starting from 22nd vaccinated Kuwaiti nationals will be able to travel and return to Kuwait without going through an institutional quarantine process and the next logical step is for this to be extended to residents/expats as well.

I mentioned this briefly earlier; you'll notice that in order to compensate for the restriction in our network pertaining to expats we as an entrepreneurial company have to find another way to make up for the shortfall and that is to create new markets where none existed. If the only passengers who are allowed to travel out from and back to Kuwait are Kuwaiti nationals we will find a way to cater to Kuwaiti nationals who have been essentially trapped in their country for the last year-and-a-half and find exotic, exciting holiday destinations for them which are safe and nearby.

If you see Sarajevo, Bishkek in Kyrgyzstan, Yerevan in Armenia, Tashkent as well in Uzbekistan; all these four destinations cater to holiday traffic by Kuwaitis and moving forward as a logical part of our network expansion we will also be operating to Kabul and Khartoum in the second half of this year.

From our end of course we continue to apply strict tabs on cost and will endeavour to maximise revenue within every possible stream. With this I conclude my section of the presentation and will now hand over to Krishnan for the financial overview. Krishnan, over to you.

Krishnan: Thank you, Rohit. Eid Mubarak to everybody on the call. I'll take you to slide number 23, which covers the key parameters relating to this quarter, the first quarter of 2021. As a comparison we saw already in Rohit's part of the presentation, except for the yield which was in our favor all the other parameters unfortunately were not in our favor thanks to the restrictions in our operations, which takes me to slide number 24.

You will see that the revenues, operating expenses are way below last year's levels because the operations were much lower and also in fact for a brief period there was a temporary closure as well during the quarter. Last year, if you remember, first January and February were virtually fully operational. In March we had about 13 days of operation, even though it was still restricted but still there was some operation so that's why you see the lift in the operating revenues as well as the expenses.

Unfortunately the fixed costs did not come down at the same rate in this first quarter so as a result you will see the reduction in cost is 39% versus a reduction in revenue of 57%. Operating profit was slightly better than last year because of two reasons. We closed the hedge, all the open positions on the hedge in the month of March and that profit is reflected in the other income.

Besides that we had a foreign currency gain in quarter one of 2021 of one million whereas in 2021 first quarter we had a loss of 1.2 million because of foreign exchange translations.

Going on to the balance sheet on slide number 25, the major movements were the cash balance of course reduced because of the cash burn we had during the year, especially through most of 2020 and the first quarter of 21. The advance for maintenance declined - we already saw this in the last quarter - because of the restructuring of the maintenance contracts.

The total assets and liabilities went up because we added one aircraft in this quarter one of 2021 besides adding two aircraft last year - one last year and one this year so basically the impact of both these aircraft we are seeing as an increase in the assets as well as liabilities.

If you see the receivables, they have increased because of mainly two reasons. One is 3.2 million which is still due from the Government of Kuwait for certain charters we performed in2020 and another 3.7 million which is due from one MRO. We spoke about this in the last quarter's presentation. Out of this 3.7 we have already collected 2.2 million in the month of April and the balance, 1.5 million, is due in the month of June so that will come due. Also 3.2 million is expected shortly from the Government.

The losses of course primarily because of our lower level of operations and our inability to fly, though we are ready to do that. I'll take you now to slide number 27, which talks about the capital increase that we have been planning. We spoke about it; the board on 14th April approved that we should go ahead with a 10% capital increase, basically adding two million to our 20 million equity capital with a premium of KWD8 million average, basically built in in cash of KWD10 million into the company.

This was taken as a very precautionary measure by the board even though it is not mandatory right now for us to do this. The process of capital increase takes about four months minimum and as a result the board wanted to proactively take steps to build up the capital to ensure the company is protected even though we may not need the cash even in four months' time because we do have enough cash reserves to take us through easily until next year but the board wanted to be proactive and that is why they have recommended this.

There is a general board meeting on 19th May to approve this. Once it is approved the process will start in terms of CMA approval and the others. The background for scheduling is already being worked on. This will act as more of a ash balance as well by August, is the expectation. With that I think I will conclude the presentation and I give the mic back to Rohit.

Rohit: Thank you, Krishnan. I of course am now available along with Krishnan to answer any questions that you might have. Mirna will moderate on our behalf.

Mirna: Thank you, Rohit. If you'd like to ask a question please use the raise hand function on the right-hand side of your screen or if you prefer you can type your question in the Q&A chat. The first question is from -----. Your line is open. Please go ahead.

-----: Yes, thank you for the call. I have a few questions that I may ask. The first one is on the hedging; any reason why all the hedges were closed in March given that the oil prices are increasing and perhaps these hedges would have been ideal in such an environment? What was the reason for closing these positions and is there a plan to take new positions going forward, what's the hedging policy for the company right now? That's the first question.

Second, on the cost capture, it seems that the cost of... If I look at the income statement there is a lot of stickiness in the costs because of the increasing debt which you're issuing, maintenance of the aircraft and more aircraft coming in. So how do you see this in terms of revenue increase? You were at eight million and there is still... How do I put it? Basically there will be a challenge to increase the revenue perhaps also in this quarter and hopefully by next quarter things will be better.

But what kind of flexibility do you have to further reduce costs, is there any flexibility or would this be the minimum cost saves that we should expect?

Finally anything on the passenger services which are supposed to increase, is there any further development on that, if you can confirm? These are the three questions. I have many more but I'm going to prioritize and come back in the queue if those are not asked. Thank you so much.

Rohit: Thank you, -----. Good to hear from you, as always. I will start with the answer on cost and passenger service fee and then I will hand it over to Krishnan to give more details about the hedge. We have done key levels of cost reduction in various stages last year and today we're at a point where any further structural cost reduction right now will have an adverse impact on our abilities to scale up when things open up again. In other words everything of a reversible nature, we are now at the bone.

Let me make a very simple rule of thumb. There is of course more complexity behind this when you calculate but as a direct consequence of our ability to operate, when the passenger number allowed for a day at Kuwait Airport touches 5,000 per day we bring our losses to below one million per month. When passenger numbers touch 10,000 per day we go into a break-even position. I don't mean for Jazeera; I mean for the overall airport, total passengers being permitted at Kuwait International Airport; if it touches 10,000 per day we go into a break-even position.

Anything over and above that, our business is geared to start making net profit so the only thing for which all of us need to hope and work towards and for which I don't have a precise answer is when these milestones are going to occur because unfortunately despite our plans and so on these dates have not been in line with our expectation.

But I think we're close and I think we're close mainly because of the level of vaccinations in the country and the trends that we are seeing in other industries being allowed to reopen and it's a matter of, I would say, weeks or a couple of months before we see dramatic changes at Kuwait airport.

In terms of passenger service fee, I think a lot of progress has happened. Of course in the last three months there've been two changes in the cabinet and that has slowed the process of this being deployed and approved but I remain very confident that within a matter of a few months we'll have more good news in this area.

Regarding your question on hedging, the worst possible situation to be in is when you have a hedge and you're not allowed to operate. We found ourselves in this situation last year. Even if you are able to take advantage of low prices or high prices on the hedge you need to be able to operate. We saw an opportunity when this ship was stuck in the Suez and there was a temporary spike in the price of oil and we got a very good price to unwind the hedge.

Correct me if I'm wrong, Krishnan, but after that opportunity the price of oil has remained stagnant. In my book it's not so important to tie in the market so that you exit at the right time. You want to make sure that hedging as a budgeting tool is useful to the company. At the moment it is no longer useful to the company as a budgeting tool so at a time where we saw an opportunity to exit we exited and I think we have benefited from it. Krishnan, anything you want to add to this?

Krishnan: Yes, just one more point; that we were also not using the amount of barrels hedged on a monthly basis because of the low level of operation.

Rohit: Sorry, I seem to have lost Krishnan. Krishnan, the last sentence; we lost you.

Krishnan: Yes, I'm saying, because the utilization is not still clear as to how much we will, out of the barrels hedged, we thought it better to exit because it is not serving the purpose of mitigating costs any more.

-----: Fair enough.

Mirna: -----, are you done with your questions?

-----: Yes, for now. I can come back later in the queue.

Mirna: Okay. The next question is from -----. Your line is open; please go ahead.

-----: Yes, hi. Thank you for the call. Just a couple of questions, please. You mentioned that your current cash balance would have been sufficient to carry you through over to next year but you went through the capital-raise as a precautionary measure. Would you mind please walking us through that calculation, especially now that you're committed to increasing your aircraft to 17 towards the end of the year, albeit you're trying to delay that as much as possible?

Just wondering, what would be in a really bad-case scenario assuming things remain the way they are for a very long period of time; do you foresee a possibility that you may have to go through another round of capital-raise beyond the 10% which you've already announced or is that something that you don't think you would ever have to resort to? Thank you.

Rohit: Thank you very much for your question. The reason why Krishnan mentioned that this was done as a precautionary measure - actually two reasons. You will find that from an operational point of view the operational needs of the company in terms of cash requirement; we're comfortable. We're comfortable if you look at the cash that we have on hand plus what is receivable in the next 30 to 60 days. We have enough runway for another year.

However there are two other considerations. One, we want to make sure that we meet all our regulatory obligations and you would find that these regulatory obligations are triggered not so much by our cash but by our accumulated losses and their impact on our reserves and so we need to bring the capital back over a certain threshold. That's the main reason why we're taking this proactive step for bringing in this additional capital.

The second one is to have a war chest for precisely the doomsday scenario that you described, which is in the event of an unforeseen and further extended closure of Kuwait Airport - and I must confess that if that happens Jazeera is the least of the problems. I think you'd have major, major problems in Kuwait and I don't think that will be allowed to happen.

So just to prevent any risk to our operation in terms of cash the management has put up the case and the board has endorsed the case and it'll be going to the shareholders at the EGM next week for us to raise capital and bring in another KWD10 million cash as a precautionary measure into the company. I hope that answers the question.

-----: Yes, it does, thank you very much. Just one thing; I believe yesterday some managements from other industries were talking about how slow the recovery in global travel has been and they mentioned something like, don't expect a normalisation in global travel before 2024. So I was just wondering; I know there are so many factors and variables and psychology and behaviour and government decisions that go into that.

But is that the consensus in the industry now, that it would take another three years for normalisation to pre-pandemic levels?

Rohit: That's an interesting point and broadly speaking, I would say yes. The overall recovery of the entire airline industry globally is going to take another two to three years and that's an accurate statement. But there are wide variants between geographies, there are wide variations between airline models and there is also wide variation between cabins so in other words for example I believe business travel and front cabins as in first and business class is going to take a long time to recovery moving forward.

On the other hand people wanting to travel on holiday, people wanting to see their families, people just wanting to escape the place where they've been trapped for the last 14, 15 months; that is going through the roof and that is evidenced by high remand on routes that are still open. If you see for example the highest-demand route in the world today is Dubai Maldives and you pay more for a Dubai-Maldives four-hour flight than a Dubai-Los Angeles sector.

We believe as a low-cost carrier operating within the region, primarily catering to what we call VFR, which is visiting friends and family as well as labour projects, governments bringing in labour from different countries to implement projects, the oil sector; all of this is ideally suited to our model.

This is not just words; when I showed you the route profitability even in the highly constrained environment of today you would find all our routes on the profit side of the graph rather than on the loss side of the graph. I expect this to be... To answer your question, airlines like Jazeera are well-placed to be the exception to the norm that you described. I hope that answers your question.

Mirna: We have a couple of questions in the chat. The first one is, can you please explain the delay in the 3.2 million payment from the Kuwaiti Government for the charter flights in 2020?

Rohit: Krishnan, would you like to explain the answer to that?

Krishnan: Yes. Basically the delay was procedural within the government machinery. Having said that, we still believe that within a month's time we should be getting that money so there's nothing else it's just pure formalities.

Rohit: That's correct. To add to what Krishnan said, the Government has approved this and everybody understands the urgency and need for Jazeera to get paid for the business that we undertook on behalf of the Government last year. As I mentioned in an early answer, the Government cabinet has changed twice in the last three months.

This required over and above the approval of the Finance Ministry a Cabinet resolution. That Cabinet resolution is now scheduled so, yes, Krishnan is right; it's a procedural issue but it's going to happen in the next few weeks, I'm very confident.

Mirna: The next question is from ----- regarding the capital increase; what is the timing for it, did you say August, and what is the price per share? Will existing shareholders have preferential rights?

Krishnan: Here the answers I have given are, yes, hopefully in August subject to the regulatory approval. If not in August it will definitely go through in September; that's what we're looking towards. The price is set at KWD0.500 per share of which KWD0.100 is capital and KWD0.400 is a premium.

In terms of preferential rights to the existing shareholders, yes, it is a rights issue.

Mirna: The next question is, has the 1,000 passenger per day quota at Kuwait International Airport been relaxed from 22nd May given the recent announcement to allow vaccinated citizens to start travelling on this date?

Rohit: The answer to that question is it's not been formally relaxed but we're in discussions with aviation authorities in Kuwait. We have submitted what we consider to be expanded schedules that cater to an increase and we'll have more clarity on the exact capacity effective 22nd, I believe, after the Eid holidays, early next week.

Mirna: The next question is, is the Government likely to offer any help to the sector and the airlines, would there be any changes through DCC open-skies agreement with limitations on other GCC carriers' landing rights?

Krishnan: So far the Government has not given any direct aid, support or stimulus to the aviation sector in Kuwait. Having said that, there has been some relief in terms of DGCA charges for rentals and so on for a period of last year when the airport was shut.

We have engaged with the Government and asked them for support, non-cash support primarily, in a number of areas and that is still under discussion. Something, I think, beneficial to Jazeera will be announced in the months ahead. Of course one of the most important considerations at this time is whatever happens to prevent overcapacity.

I think the authorities here have seen the need to enforce a strict limit in capacity into Kuwait airport, not just to protect the industry but also from a health perspective to make sure that the numbers of arrivals is carefully calibrated with the health infrastructure and capability within Kuwait.

So yes, I expect for the next year or two it's going to be very different from the past where you had large numbers of GCC carriers operating unlimited services into Kuwait.

Mirna: The next question is regarding the terminal; what agreements do you have in place with your returning tenants on when to resume rental payments at full levels? Does it depend on certain KPIs at Kuwait International Airport.

Krishnan: Yes, but it really does not have any specific KPIs relating to the airport but we believe that once passenger movements improve in the summer at that time the payments can be brought back to normal levels. Until then it will be very difficult for the attendants to even survive because there are hardly any passengers going through right now.

Mirna: We have another question from -----. Go ahead.

-----: Yes, just a few questions. When you mentioned that there is no particular agreement on any KPIs at the airport, what exactly is happening right now? You're not asking for any rent currently from either landside or the airside or duty-free charges. What's the situation currently in terms of the revenues, what elements are you making revenues from in the terminal and what elements have been right now foregone? More specific clarity would be helpful.

Second is on the 1,000-passenger limit at the airport. How does it get divided between the airlines? How is it for a Kuwaiti airline versus foreign airlines? Who takes this 1,000 passenger market share? I see the market share has declined from March to April for Jazeera and for foreign airlines the market share has increased. So how is it moving around? Any more clarity on the current unique situation would be helpful. That's it.

Rohit: -----, regarding the terminal, I think you perhaps slightly misunderstood Krishnan. We have been matching the level of activity at the Jazeera terminal T5 to the level of relief we provide our tenants.

At the moment because of the situation the tenants have until June been given a relief, approximately 50% but I don't want to go into greater contractual details because these of course are confidential between the tenants and us. But it follows logic that when the terminal comes back and the level of activity picks up this will be progressively withdrawn, this relief to our tenants.

What was your second question again please?

-----: 1,000 passengers; how is this small pie being divided between Kuwaiti airlines, foreign airlines and between Jazeera and Kuwait Airline?

Rohit: It's very simple; it's divided equally between Kuwaiti carriers and foreign carriers with reciprocity so you have 500 seats allocated to Kuwaiti carriers and 500 seats allocated to foreign carriers if the limit is 1,000. Within the 500 you have 300 allocated to Kuwait Airways and 200 allocated to Jazeera. Transit is not included in this calculation. There are some more layers below this but in general you may assume that it's perfectly equal between Kuwaiti carriers and foreign carriers.

I would also like to caution with respect to the market share that market share is actual people carried and actual sectors operated. It should not be confused with capacity allowed. What we're talking about in terms of 1,000 passengers is capacity allowed. Whether the airline actually uses the capacity allowed is a different matter altogether and that is what's reflected in the market share. I hope that answers the question.

-----: Yes, it does. Thank you so much.

Rohit: I want to thank all of you for joining us today and I hope and look forward to having all of you on our next quarterly call. Thank you very much.

Mirna: Thank you, everyone, for joining. Have a good rest of the week.

Krishnan: Thank you.