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**Jazeera.**

# 1H21 Earnings Conference Call

August 16, 2021

Jazeera lands in Bodrum with travel returning gradually

A front-facing view of a Jazeera airplane on a runway at night. The aircraft is illuminated by its own lights, and the background shows airport infrastructure and palm trees under a dark sky. The text "Starting Shortly..." is overlaid in a blue box at the bottom center.

**Starting Shortly...**

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# Agenda

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- ◆ 1H21 in Review
- ◆ Travel Status at Kuwait Airport and in Network
- ◆ Financial Headlines
- ◆ Operational Performance
- ◆ Outlook for 2021
- ◆ Financial Review
- ◆ Q&A

Jazeera starts first ever service to Bishkek

# 1H21 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.
- Easing of restrictions at KWI starting August 1 announced.

Capacity at KWI  
down 80%



## **Grabbing opportunities presented post-pandemic:**

Jazeera became first low-cost carrier in Middle East to operate route to London Heathrow Airport.

First LCC in Middle East  
to fly to Heathrow



## **Launch of new destinations for return of travel:**

Launched flights to never served and high demand destinations to serve appetite for tourism and large expat communities: Colombo, Addis Ababa, Tashkent, Bishkek and Yerevan.

Launching of new  
tourist destinations



## **Advance made in vaccination drive in Kuwait:**

- Kuwait has already vaccinated +60% of target population. Aims to achieve 75% by September 2021.
- Jazeera pilots, cabin crew and teams vaccinated.

Jazeera pilots and cabin  
crew fully vaccinated





# FINANCIAL HEADLINES

# 2Q21 Operational Headlines

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## PASSENGERS

**2Q21: 104.1 k**  
2Q20: 43.8 k

**+137.7%**



## LOAD FACTOR

**2Q21: 51.3%**  
2Q20: 44.3%

**+7.0%**



## UTILIZATION

**2Q21: 3.4 hrs**  
2Q20: 1.9 hrs

**+78.9%**



## YIELD

**2Q21: KWD68.3**  
2Q20: KWD174.8

**-60.9%**

# 1H21 Operational Headlines

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PASSENGERS

**1H21: 208.2 k**  
1H20: 540.3 k

**-61.5%**



LOAD FACTOR

**1H21: 54.7%**  
1H20: 68.3%

**-13.6%**



UTILIZATION

**1H21: 3.4 hrs**  
1H20: 5.7 hrs

**-40.5%**



YIELD

**1H21: KWD71.6**  
1H20: KWD47.7

**+50.2%**



# 2Q21 Financial Headlines

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## OPERATING REVENUE

**2Q21: KWD7.4 mn**  
2Q20: KWD7.7 mn

**-4.1%**



## OPERATING LOSS

**2Q21: -KWD6.0 mn**  
2Q20\*: -KWD3.2mn

**+84.0%**



## NET RESULT

**2Q21: -KWD6.5 mn**  
2Q20: -KWD3.9 mn

**+65.9%**

*\* 2Q20 operating expenses regrouped to adjust for finance expenses*

# 1H21 Financial Headlines

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## OPERATING REVENUE

**1H21: KWD15.6 mn**  
1H20: KWD26.7 mn

**-41.7%**



## OPERATING LOSS

**1H21: -KWD11.3 mn**  
1H20\*: -KWD6.3 mn

**+79.6%**



## NET RESULT

**1H21: -KWD11.7 mn**  
1H20: -KWD9.9 mn

**+17.6%**

*\* 2Q20 operating expenses regrouped to adjust for finance expenses*

# Terminal 5 Performance

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*Continued limited capacity operations at T5 with some leases still frozen*

2Q21

**KWD306.1 k**  
Revenue

2Q20: KWD773 k

**-KWD103.5 k**  
EBITDA

2Q20: -KWD383.4 k

**-KWD430.8 k**  
Net Result

2Q20: -KWD628.6 k

1H21

**KWD650.1 k**  
Revenue

1H20: KWD903.2 k

**-KWD172.5 k**  
EBITDA

1H20: -KWD49.5 k

**-KWD827.2 k**  
Net Result

1H20: -KWD518.5 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



A wide-angle photograph of an airport tarmac at dusk or dawn. In the center, a white Jazeera airplane is positioned on the runway. Two large water cannons, one on the left and one on the right, are spraying high arcs of water over the aircraft. To the left, a tall, slender air traffic control tower stands against the sky. In the background, other airport structures and a small white car are visible. The overall scene captures a dramatic moment of an emergency water landing.

# OPERATIONAL PERFORMANCE

# Operational Developments



## NEW ROUTES LAUNCHED IN 1H21



### **London Heathrow – June 18**

Jazeera became the first LCC in the Middle East to operate direct flights to the airport every Friday with plans to increase the frequency as travel restrictions ease.



### **Yerevan – June 3**

The route to the Armenian capital caters to a large Armenian community residing in the Middle East and offering avid travelers a new destination to explore.



### **Bishkek – June 16**

Jazeera acquired a new traffic right to the capital of Kyrgyzstan, following the success of the route to Osh in 2019, catering to high demand for travel to safe destinations.



### **Tashkent – June 27**

Jazeera marked the first ever route to be launched between Kuwait and Uzbekistan with the first flight taking off to the capital, Tashkent. The airline operates the new route with two flights per week.

# Operational Developments



## NEW ROUTES LAUNCHED IN 1H21



### **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



## RESUMING QUARANTINE-FREE DESTINATIONS



### Beirut

Service to Beirut resumed with scheduled flights on Wednesdays and Saturdays for vaccinated travelers to enjoy an extended weekend in the Lebanese capital.



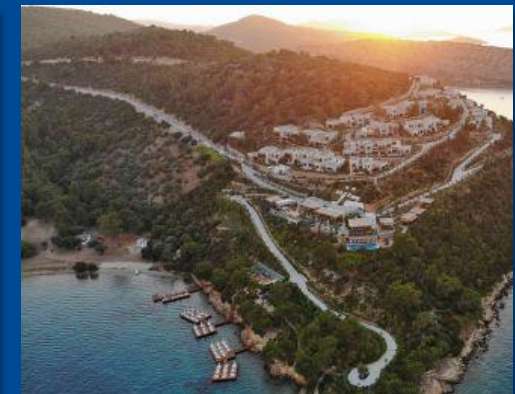
### Tbilisi

Flights to the popular touristic destination for tourists from Gulf countries resumed with a high demand.



### Three destinations in Turkey

Three routes were operated to Turkey: Istanbul, Bodrum and Trabzon, all very popular destinations for short and long vacations.



# Operational Strength

## **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 London Heathrow, Addis Ababa, Tashkent, Yerevan, Bishkek, Sarajevo, Antalya, Kyiv, Khartoum and Kabul in the current year.

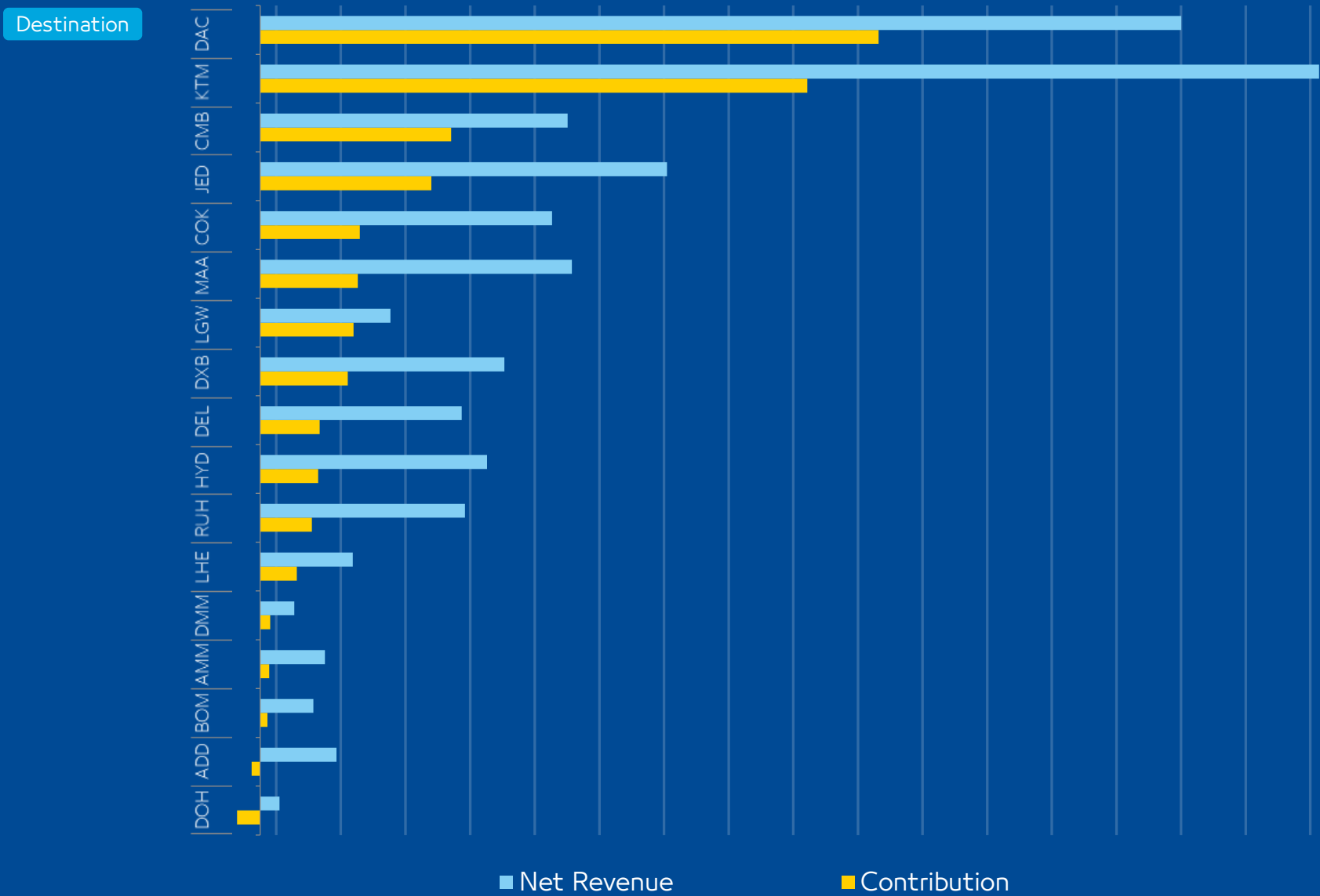
## **FOCUS ON CONNECTING FLIGHTS**

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.

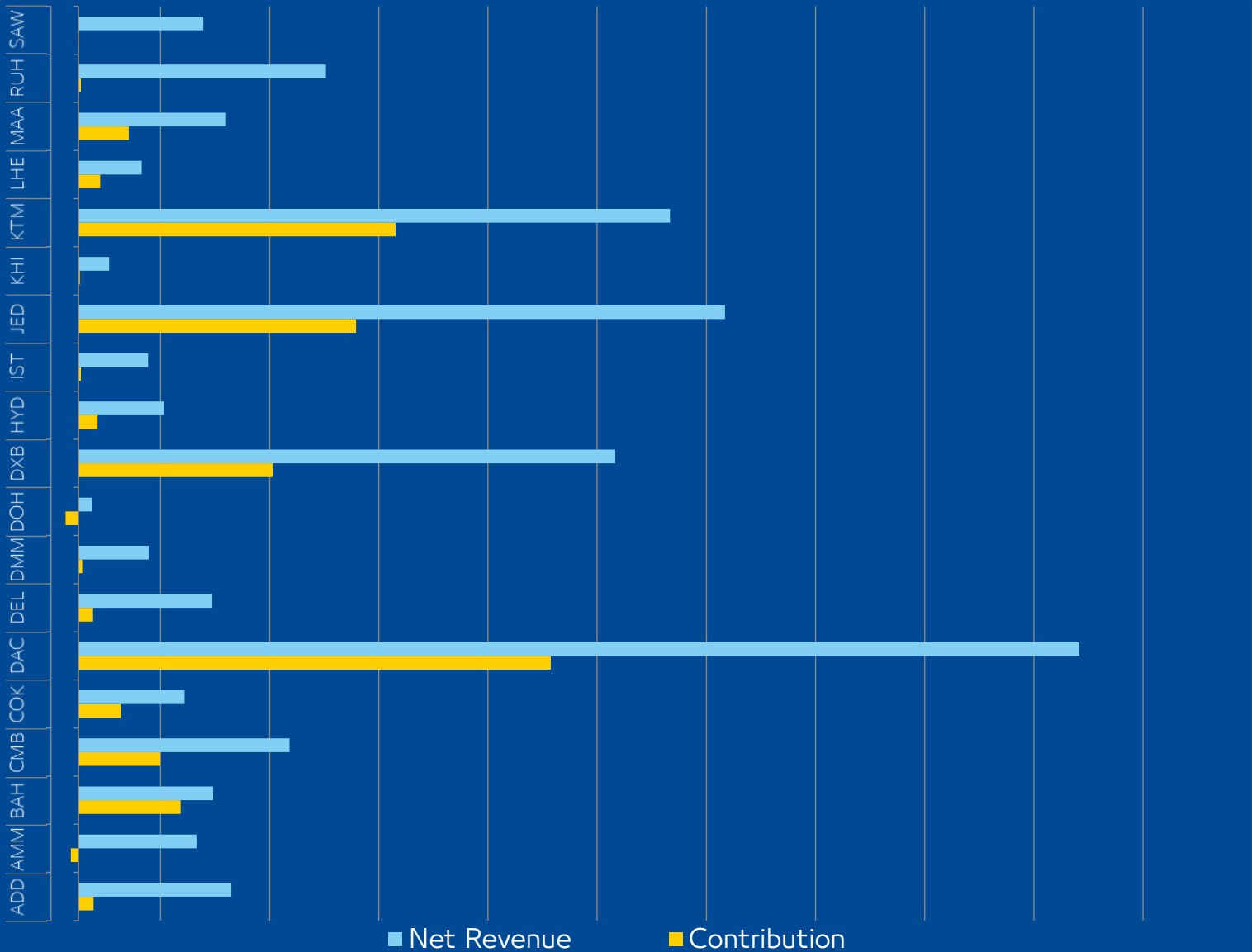
# Revenue by Route: April 2021



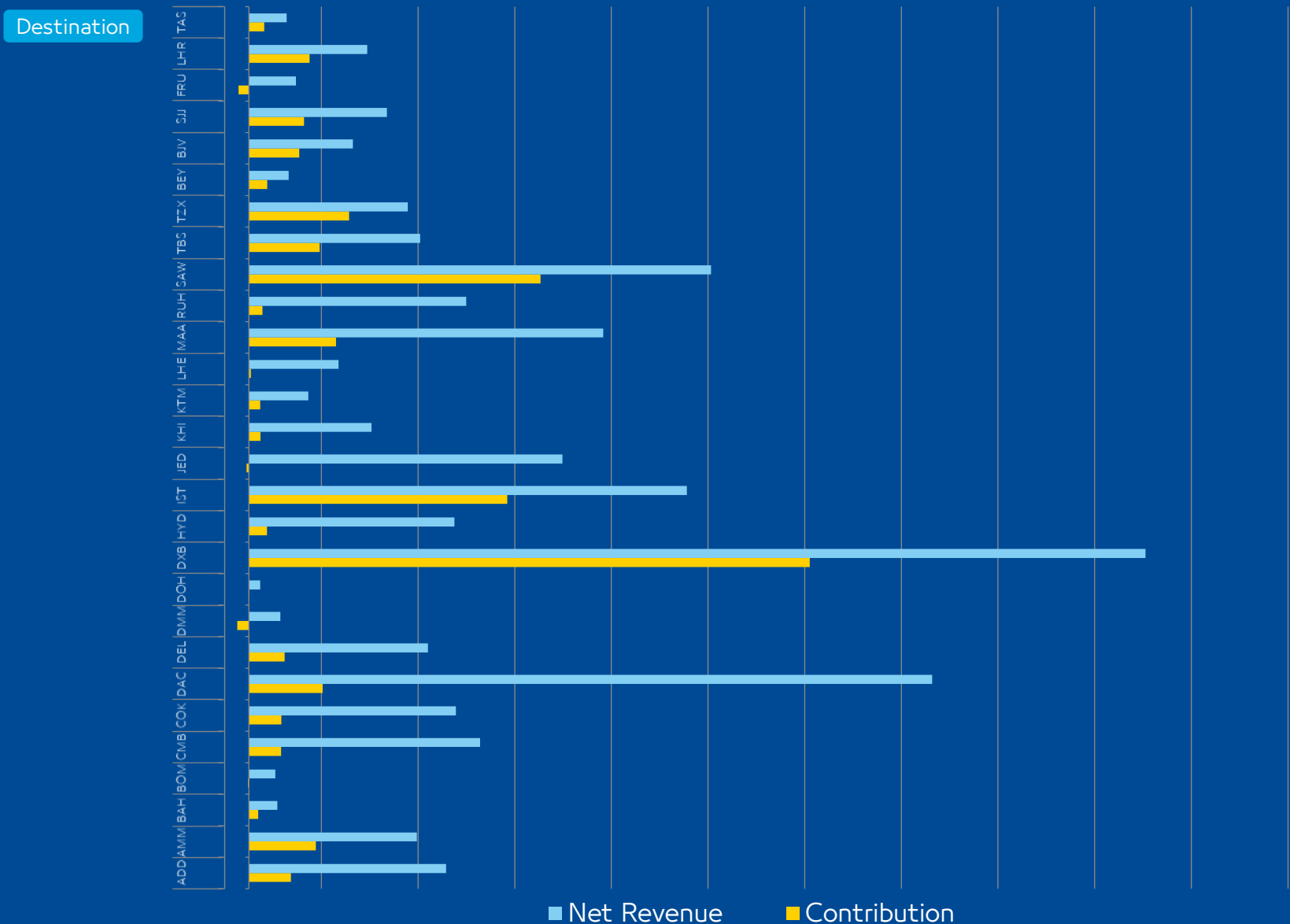


# Revenue by Route: May 2021

Destination



# Revenue by Route: June 2021



# Travel Status at KWI and Network

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## KWI

Announcement of eased travel restrictions. Majority of suspended routes to return, in addition to allowing non-Kuwaitis to enter country again.

Launch of new routes to serve strong demand for touristic and expat destinations.

## JAZEERA NETWORK

Nine destinations within network offer quarantine-free entry and eased measured. Strong demand witnessed starting end of May.

Destinations include Istanbul, Bodrum, Trabzon, Antalya, Tashkent, Bishkek, Tbilisi, Beirut and Colombo.





# OUTLOOK FOR 2021

Press conference to mark new route to Tashkent and growing trade and tourism relations.

# Slow, But Gradual, Return

## Revenue and Cost Controls

- Revenue expected to improve with increase of capacity at KWI, in addition to opening return flights to non-Kuwaiti passengers starting from August 1 as well as an increase in number of vaccinated individuals who are traveling for the summer season.

## Airports' Limitations

- Airports within Jazeera network have increasing capacity and opened borders to travelers. Vaccinated travelers have many quarantine-free destination options in 3Q21, and this is expected to improve in 4Q21.

## Travel Restrictions

- Restrictions have softened with the roll out of vaccination in Kuwait and elsewhere within the network.
- Kuwait has already vaccinated +60% of target population. Aims to achieve 75% by September 2021.

## Recovery Outlook

- Palpable recovery started and is expected to have positive returns in 4Q21.
- Plan to take delivery of 2 more new A320neo this year – 1 already delivered in 3Q21.
- Continue full-flight cargo operations.
- Yield to return to average levels as restrictions soften and supply increase.



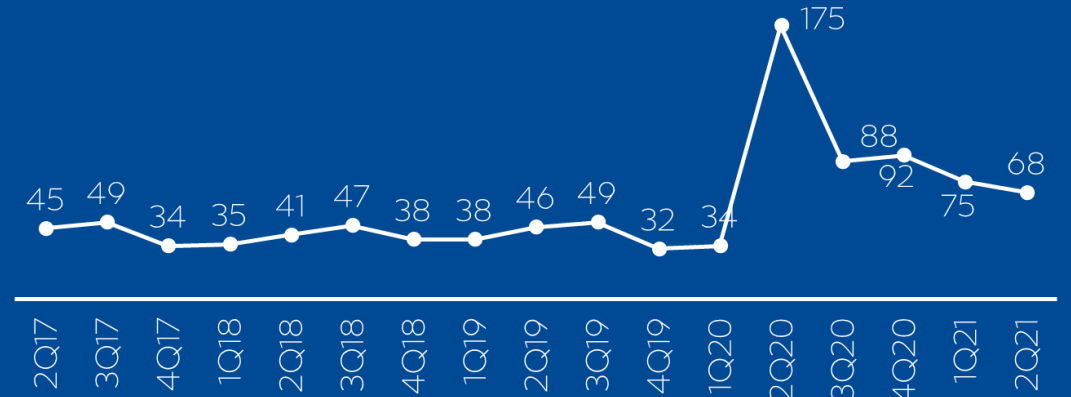
# FINANCIAL REVIEW



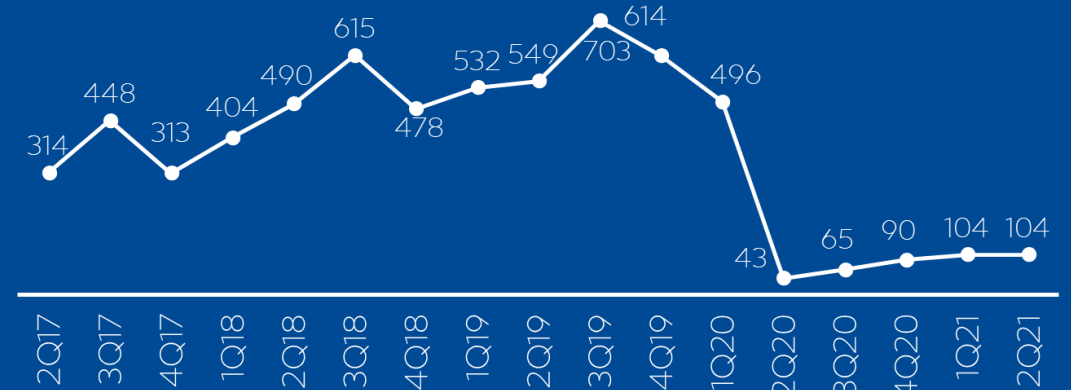
# 2Q21 Key Parameters

Operating Parameters	2Q20	2Q21	CHANGE
Average Aircraft	14.0	12.9	-8.1%
Destination Cities	28	29	3.6%
Revenue Drivers	2Q20	2Q21	CHANGE
Seats	98,844	202,721	105.1%
Passengers	43,793	104,096	137.7%
Load Factor	44.3%	51.3%	7.0%
Net Yield	174.8	68.3	-60.9%
Profitability Drivers	2Q20	2Q21	CHANGE
Sectors	690	1,273	84.5%
Block Hours	2,395	4,330	80.8%
Utilization (BH per Day)	1.9	3.4	80.8%

## YIELD BY QUARTER (KWD)



## PASSENGERS BY QUARTER (000)



# 2Q21 Key Parameters

<i>In KWD</i>	2Q20	2Q21	CHANGE
<b>Operating Revenue</b>	7,736,065	<b>7,416,089</b>	-4.1%
<b>Operating Expenses*</b>	(10,980,663)	<b>(13,386,709)</b>	21.9%
<b>Operating Profit</b>	(3,244,598)	<b>(5,970,620)</b>	84.0%
<b>Net Profit (Loss)</b>	(3,927,429)	<b>(6,515,012)</b>	65.9%

*\* 2Q20 operating expenses regrouped to adjust for finance expenses*

<i>In KWD</i>	2Q20	2Q21	CHANGE
<b>Cash</b>	27,970,902	<b>19,071,848</b>	-31.8%
<b>Fixed Assets</b>	20,558,205	<b>19,888,630</b>	-3.3%
<b>Total Assets</b>	177,375,260	<b>163,854,413</b>	-5.3%
<b>Total Liabilities</b>	151,181,288	<b>162,534,644</b>	7.5%
<b>Total Equity</b>	26,193,970	<b>1,310,769</b>	-95.0%

- Operating revenue was lower primarily due to lower yield in 2Q 2021 from mostly scheduled operations. Jazeera focused on operating charter flights mainly in 2Q 2020.
- All direct operating costs are higher due to the higher level of operations (84%) and a fuel price increase of 106% over 2Q 2020.

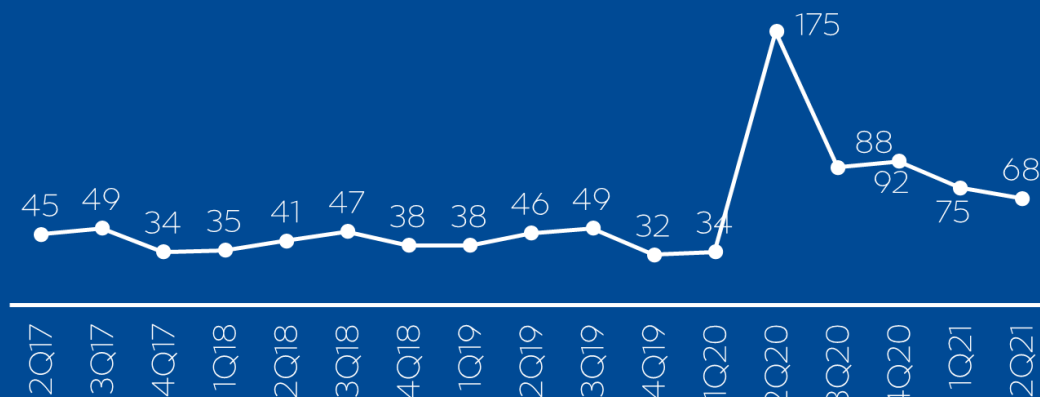
# 1H21 Key Parameters

Operating Parameters	1H20	1H21	CHANGE
Average Aircraft	13.8	14	1.4%
Destination Cities	59	31	-47.5%

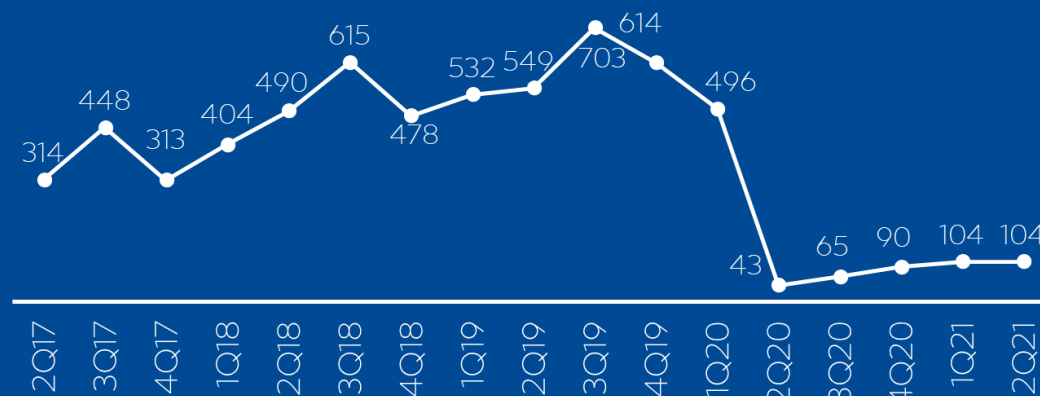
Revenue Drivers	1H20	1H21	CHANGE
Seats	791,560	380,933	-51.9%
Passengers	540,277	208,212	-61.5%
Load Factor	68.3%	54.7%	-13.6%
Net Yield	47.7	71.6	50.2%

Profitability Drivers	1H20	1H21	CHANGE
Sectors	4,842	2,462	-49.2%
Block Hours	14,247	8,536	-40.1%
Utilization (BH per Day)	5.7	3.4	-40.5%

## YIELD BY QUARTER (KWD)



## PASSENGERS BY QUARTER (000)



# 1H21 Key Parameters

<i>In KWD</i>	1H20	1H21	CHANGE
<b>Operating Revenue</b>	26,698,802	<b>15,553,459</b>	-41.7%
<b>Operating Expenses*</b>	32,981,721	<b>26,836,813</b>	-18.6%
<b>Operating Profit</b>	(6,282,919)	<b>(11,283,353)</b>	79.6%
<b>Net Profit (Loss)</b>	(9,946,066)	<b>(11,693,274)</b>	17.6%

\* 2Q20 operating expenses regrouped to adjust for finance expenses

<i>In KWD</i>	1H20	1H21	CHANGE
<b>Cash</b>	27,970,902	<b>19,071,848</b>	-31.8%
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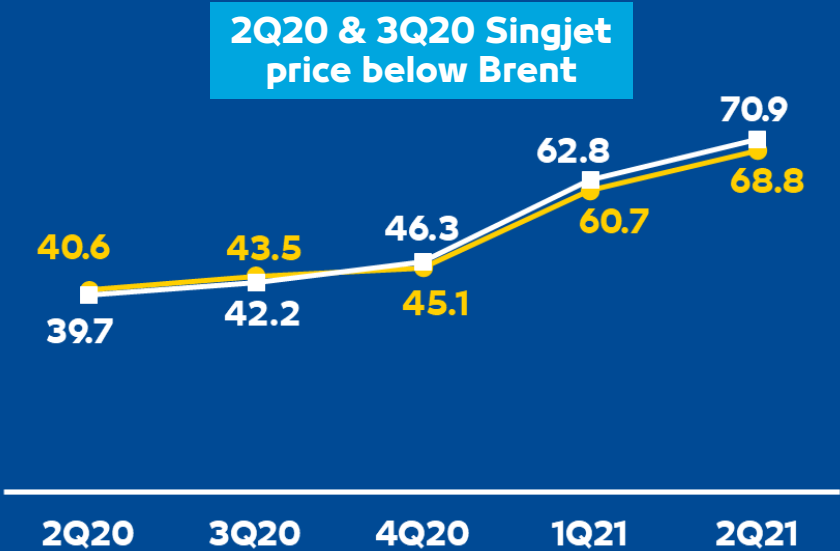
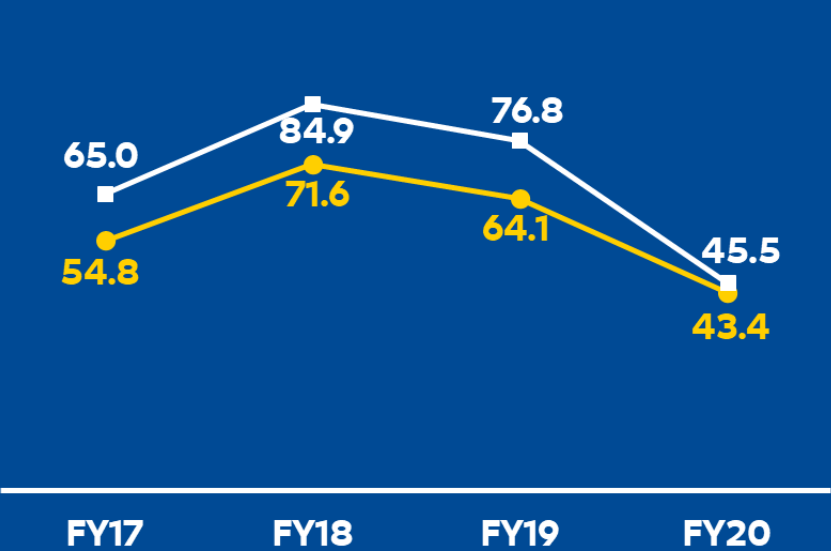
- Revenues are lower in 1H 2021 as operations in Jan and Feb 2020 were at full capacity. Yield in 1H 2021 was lower because of charter flights operations in 1H 2020.
- All direct operating costs were lower in 1H 2021 due to lower level of operations (50%) offset by a fuel price increase of 53% over 1H 2020.
- Cash balance was lower primarily due to operating losses incurred during the period.



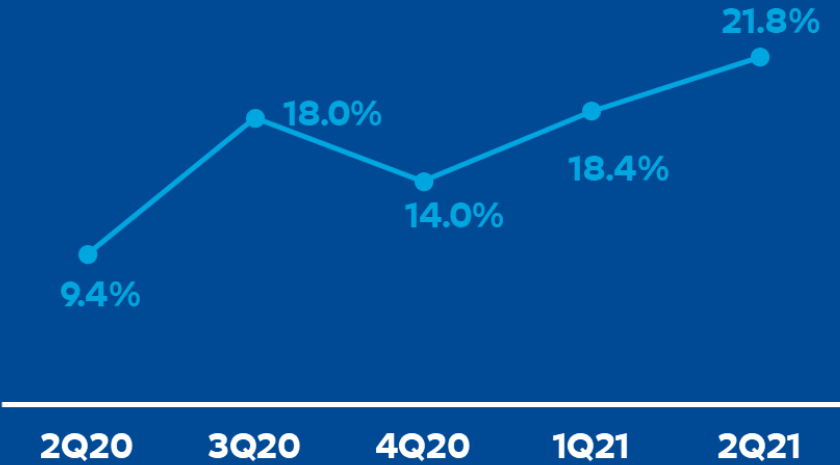
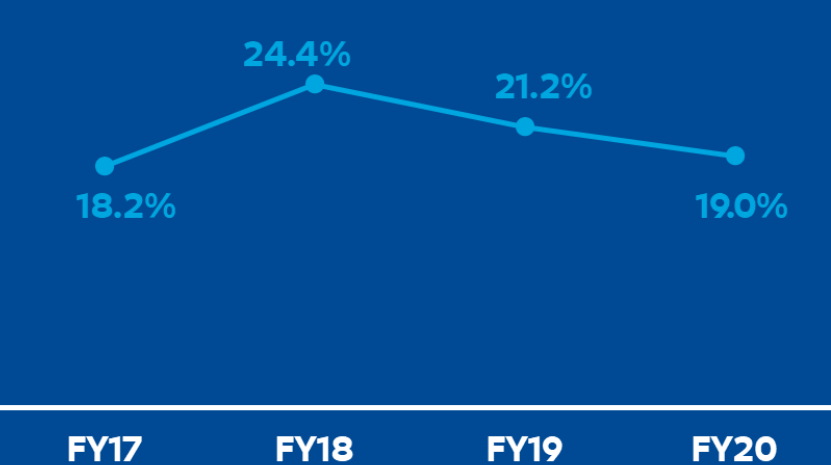
# Fuel Prices

## BRENT Swap Vs. SINGJET Swap (USD/BBL)

— SINGJET Swap  
— BRENT Swap



## Fuel as Percent of Revenue



# Capital Increase

- As on June 30, 2021, the accumulated loss was KWD 18.689 mn, which was more than 75% of the issued share capital.
- In April, in anticipation of further potential losses, the Board of Directors proactively recommended a 10% capital increase through a rights issue at an offer price of KWD 500 fils per share.
- 80% of the offer price was towards share premium.
- The issue was successfully oversubscribed by 210%.
- The allotment was completed on July 14, 2021
- The Board of Directors has recommended to Shareholders employing the share premium towards the accumulated losses.
- After the above application, the accumulated losses will be less than 49% of the issued share capital.

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Terminal 5

Q&A

21  
Départures

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