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## 1Q23 Earnings Webcast

02 May 2023



**Starting Shortly...**

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# Agenda

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- ◆ Operational & Financial Headlines
- ◆ Operational Performance
- ◆ Outlook for 2Q23 & 2023
- ◆ Financial Review
- ◆ Q&A



# Operational & Financial Headlines

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# 1Q23 Operational Headlines



## PASSENGERS

1Q23: 1,108 K  
1Q22: 708 K

+56.6%



## LOAD FACTOR

1Q23: 82.1%  
1Q22: 75.2%

+6.9%



## UTILIZATION

1Q23: 13.7 hrs  
1Q22: 11.6 hrs

+18.5%



## YIELD

1Q23: KWD41.1  
1Q22\*: KWD47.6

-13.6%

\* Impact of Post-COVID elevated yield.

# 1Q23 Financial Headlines



## REVENUE

**1Q23: KWD48.3 mn**  
1Q22: KWD35.7 mn

**+35.2%**



## OPERATING PROFIT

**1Q23: KWD3.6 mn**  
1Q22: KWD5.3 mn

**-31.3%**



## NET PROFIT

**1Q23: KWD2.3 mn**  
1Q22\*: KWD3.8 mn

**-39.7%**

\* Impact of Post-COVID elevated yield.

# Ancillary Revenue

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## CARGO REVENUE

**1Q23: KWD536 k**  
1Q22: KWD408 k

**+31.3%**



## ANCILLARY REVENUE

**1Q23: KWD3.5 mn**  
1Q22: KWD2.7 mn

**+30.2%**



## E-COMMERCE REVENUE

**1Q23: KWD8.9 mn**  
1Q22: KWD6.3 mn

**+42.8%**

# Terminal 5 Performance

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1Q23

KWD2.8 mn

Revenue

1Q22: KWD2.1 mn

KWD2.2 mn

EBITDA

1Q22: KWD1.6 mn

KWD1.9 mn

Net Profit

1Q22: KWD1.4 mn

**Retail occupancy:** 95% of available space occupied as leasing picks pace with an increase of 60% in revenue over 1Q22

**Completed expansions:**  
To a capacity of c. 4.5 mn covering 2023 requirements

**Other revenue:**  
Saw improved revenue generation from all terminal related streams

1.1  
mn passenger



# Operational Performance

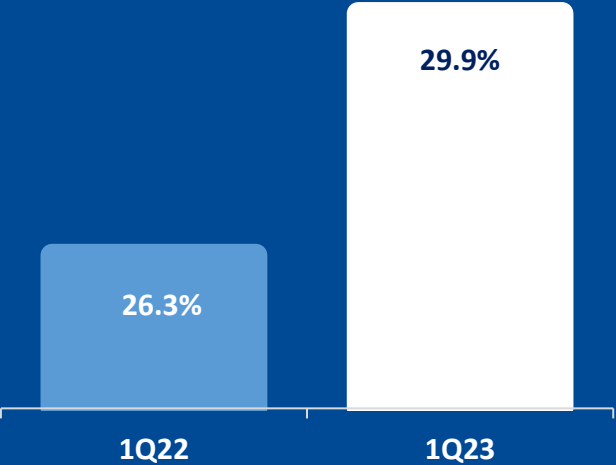
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# 1Q23 Market Share & Passengers Distribution

## MARKET SHARE

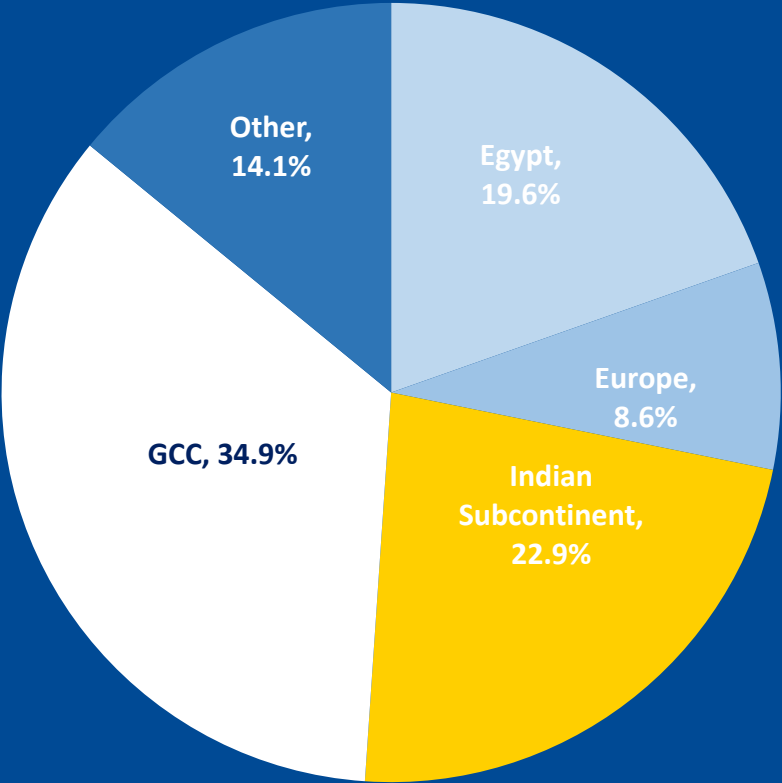
29.9% at KWI



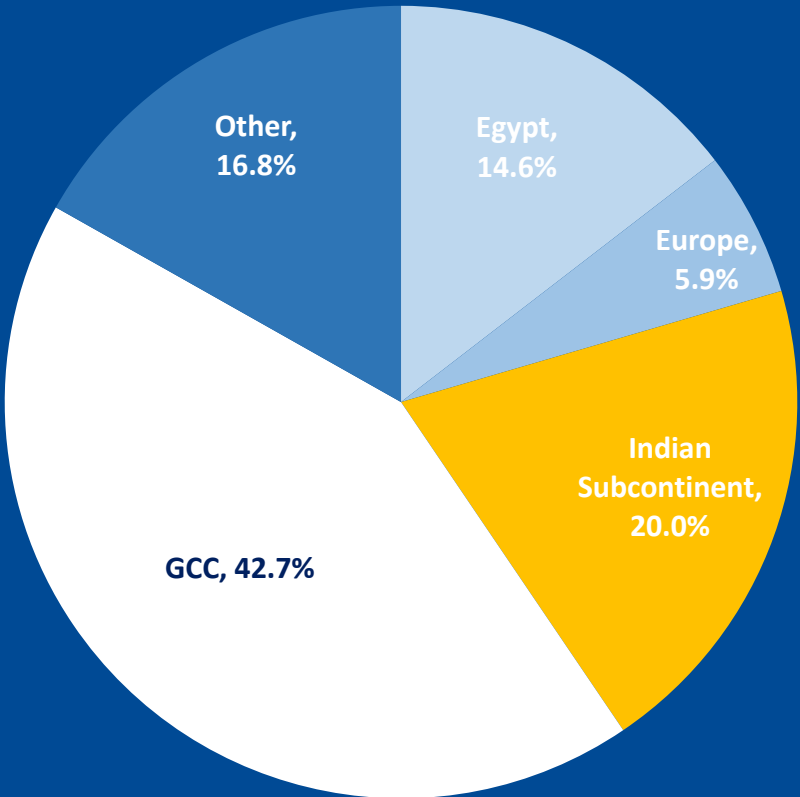
1Q23 market share of 36.1% on Jazeera network compared to 32.0% in 1Q22.

Largest market share in KWI in terms of passengers carried and aircraft movement.

## PASSENGERS GEOGRAPHIC DISTRIBUTION – 1Q22



## PASSENGERS GEOGRAPHIC DISTRIBUTION – 1Q23



# Operational Updates

## New destinations

- Launched Moscow as the first destination in Russia in February 2023.
- Inaugurated flights to the historical city of Samarkand in Uzbekistan.

## Fuel

- Fuel prices still on the higher end but significantly lower than the peaks of last year.
- Entered a hedging contract to eliminate the risk of large movements during 2023.

## Terminal expansions

- T5 upgrade program ongoing with more gates, single security check and enlarged transit hall.
- New F&B outlets opened like Pizza Hut, Subway & Burger King.

## Established a company in Saudi Arabia

- In the process of forming a Saudi based airline owned 49% by Jazeera to operate from King Fahad International Airport in Dammam.

## Operated first All – female flight

- Commemorating International Women's Day, Jazeera operated with an all-female deck and cabin crew flying KWI – RUH – KWI on March 8<sup>th</sup>, 2023.

## Fleet growth

- One new A320-200 added to the fleet.
- Three will join in June in preparation for the summer season.
- One additional will join in 4Q23.



- 1Q23: 51 destinations
- 1Q22: 38 destinations

# Outlook

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# Outlook for 2Q23 and FY2023

## Operating Performance

- Compared to 2Q22, we foresee more passengers carried and more normalized yield in 2Q23.
- Jet fuel and crack spread have marginally subsided but remain elevated.
- Entered a hedging contract against crack spread to eliminate potential risks during 2023.
- Fleet growth to 24 by the end of 2023 to capture increasing demand and, potentially, lower fuel bill.
- New destinations announced including Larnaca, Belgrade, and Tirana while resuming flights to Prague and Sarajevo in the summer months.

## Travel Outlook

- Yields have completely normalized and expected to continue within normal parameters.
- 2Q23 will see more focus on connection flights with attention to Umrah, commuting, students and business travel.
- Expect a very busy summer season effective mid-June through to mid-September 2023.
- Overall, anticipate a more active year compared to 2022.

# Financial Review

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# 1Q22 Vs 1Q23 Key Parameters

## 1Q22 Vs 1Q23

| Operating Parameters     | 1Q22    | 1Q23      | CHANGE |
|--------------------------|---------|-----------|--------|
| Average Aircraft         | 17      | 20        | 17.4%  |
| Destination Cities       | 38      | 51        | 34.2%  |
|                          |         |           |        |
| Revenue Drivers          | 1Q22    | 1Q23      | CHANGE |
| Seats                    | 941,499 | 1,350,193 | 43.4%  |
| Passengers               | 707,737 | 1,108,007 | 56.6%  |
| Load Factor              | 75.2%   | 82.1%     | 6.9%   |
| Net Yield                | 47.6    | 41.1      | -13.6% |
|                          |         |           |        |
| Profitability Drivers    | 1Q22    | 1Q23      | CHANGE |
| Sectors                  | 5,573   | 8,003     | 43.6%  |
| Block Hours              | 17,688  | 24,588    | 39.0%  |
| Utilization (BH per Day) | 11.6    | 12.4      | 7.1%   |

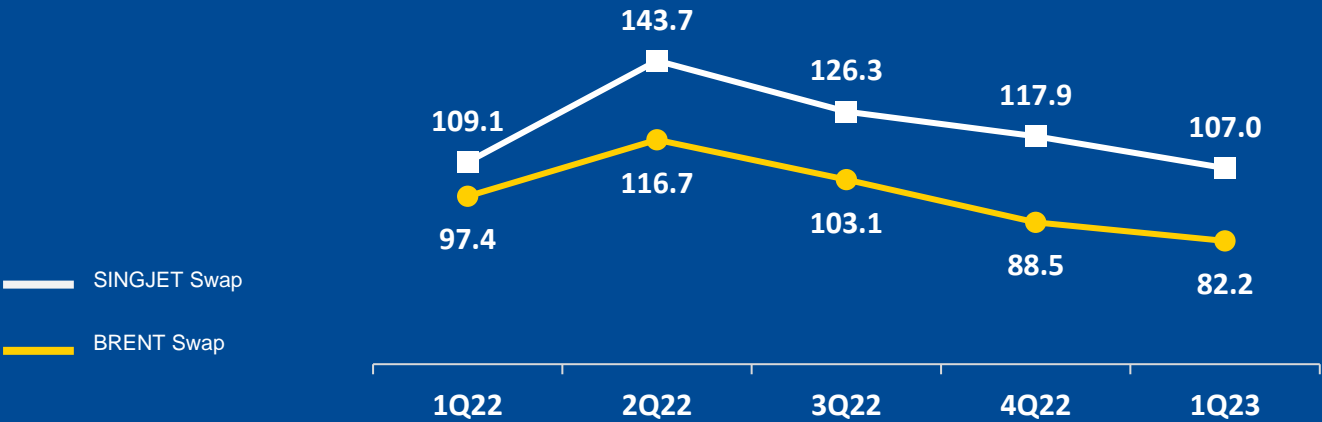
| KWD                | 1Q22        | 1Q23        | CHANGE |
|--------------------|-------------|-------------|--------|
| Revenue            | 35,740,429  | 48,326,771  | 35.2%  |
| Operating Expenses | -30,462,519 | -44,699,386 | -46.7% |
| Operating Profit   | 5,277,910   | 3,627,384   | -31.3% |
| Net Profit (Loss)  | 4,041,962   | 2,439,205   | -39.7% |
|                    |             |             |        |
| KWD                | FY22        | 1Q23        | CHANGE |
| Cash               | 52,267,804  | 49,528,613  | -5.2%  |
| Fixed Assets       | 44,164,804  | 45,243,550  | 2.4%   |
| Total Assets       | 272,097,912 | 271,947,068 | -0.1%  |
| Total Liabilities  | 235,570,660 | 244,561,455 | 3.8%   |
| Total Equity       | 36,527,252  | 27,385,613  | -25.0% |

# 1Q23 Financial Performance

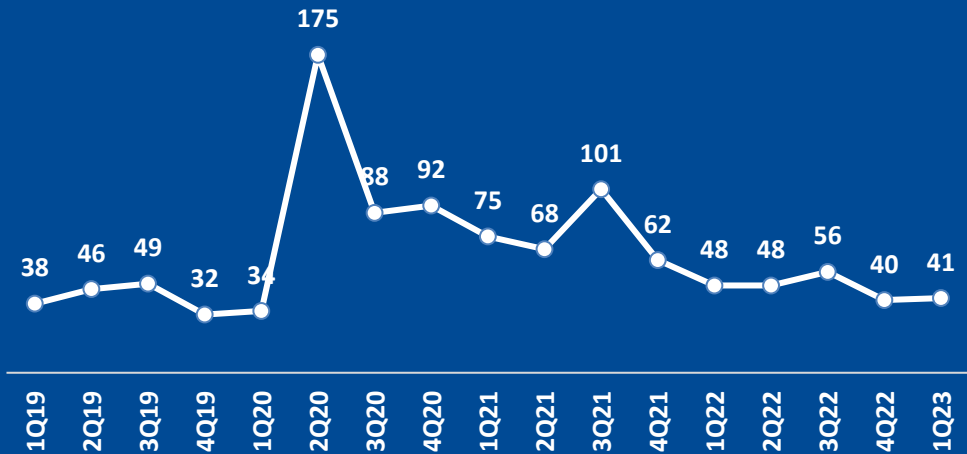
- Load factor increased by 7% and passengers by 56% driving revenues upwards, partially offset by the 14% decline in yield.
- Terminal revenue increased by 35% compared to 1Q22.
- Operating margin was 15.1%, despite Operating costs being higher by 47% in line with the higher level of operations (44%) and a Fuel price increase (19%) over 1Q22.
- Exchange revaluation book gain of Lease Liabilities accounted for KWD353K.
- Cash balance decreased 5.2% to KWD49 mn with settlement of overdraft in total.
- Fixed assets grew due to advances paid for various projects while liabilities increased because of higher advance collections.
- Equity decreased by KWD11 mn; equivalent to dividends paid.

# 1Q23 Key Performance Metrics

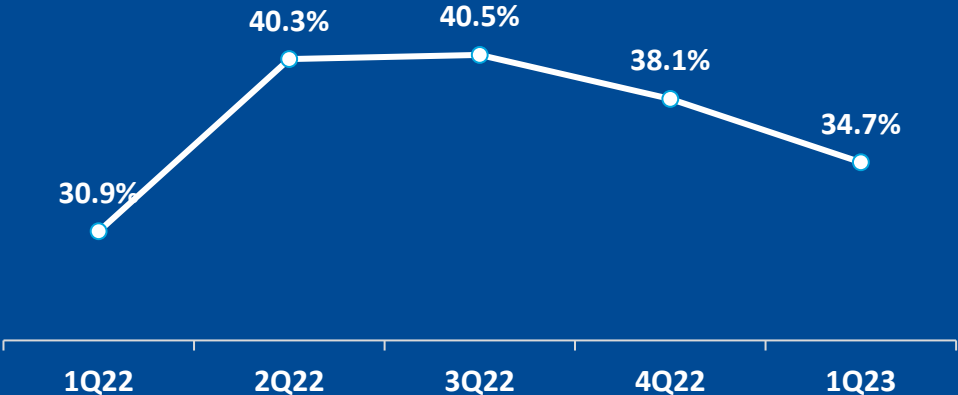
BRENT Swap Vs. SINGJET Swap (USD/BBL)



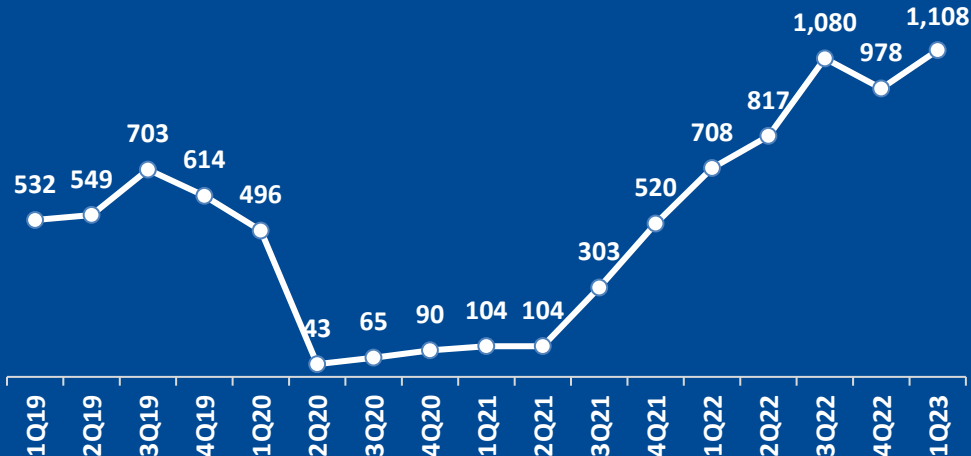
Quarterly Yield (KWD)



Fuel as Percent of Direct Costs



Quarterly Passengers (000)



# Q&A

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# Contact

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**Jazeera Airways KSC is listed on the Kuwait Stock Exchange**

Bloomberg: Jazeera KK

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