

Date: 31 October 2022

التاريخ: 31 أكتوبر 2022

To: Boursa Kuwait Company K.S.C.P.

السادة / شركة بورصة الكويت  
المحترمين،  
تحية طيبة وبعد ،،،

**Subject: Disclosure regarding the conference call held with analysts and investors of Jazeera Airways K.S.C.P. for interim consolidated financial information for the period ended 30/09/2022.**

**الموضوع / إفصاح شركة طيران الجزيرة ش.م.ك.ع. عن إنعقاد مؤتمر المحللين / المستثمرين عن المعلومات المالية المرحلية المجمعة للفترة المالية المنتهية في 2022/09/30.**

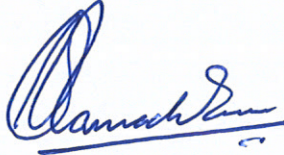
With reference to the above subject, please note that the conference with analysts and investors for the interim consolidated financial information for the period ended 30/09/2022 was held via a call on Monday 31 October 2022 at 3:00pm, and that no material information was shared during the call.

بالإشارة إلى الموضوع أعلاه، يرجى الإحاطة بأن مؤتمر المحللين / المستثمرين عن المعلومات المالية المرحلية المجمعة للفترة المالية المنتهية في 2022/09/30 قد انعقد عن طريق (Conference Call) يوم الإثنين الموافق 31 أكتوبر 2022 الساعة الثالثة عصراً، علماً بأنه لم يتم تداول أي معلومات جوهرية خلال المؤتمر.

The earnings presentation for the conference call is attached to this disclosure and the transcript will be shared in due course.

مرفق العرض التقديمي لمؤتمر المحللين/ المستثمرين، وستقوم الشركة بالإفصاح لاحقاً عن محضر المؤتمر.

وتفضلوا بقبول فائق الإحترام ،،،



روهيت راماشاندران

الرئيس التنفيذي

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Jazeera.



**3Q22 Earnings Webcast**

**31 October 2022**

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*Starting  
Shortly...*

# Disclaimer

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# Agenda

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- ◆ Operational & Financial Headlines
- ◆ Operational Performance
- ◆ Outlook for 4Q22 & 2023
- ◆ Financial Review
- ◆ Q&A



# Operational & Financial Headlines

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# 3Q22 Operational Headlines



## PASSENGERS

3Q22: 1,081 k  
3Q21: 303 k

+256.8%



## LOAD FACTOR

3Q22: 80.1%  
3Q21: 65.6%

+14.4%



## UTILIZATION

3Q22: 14.3 hrs  
3Q21: 7.0 hrs

+104.8%



## YIELD

3Q22: KWD55.5  
3Q21: KWD101.5

-45.4%

# 3Q22 Financial Headlines



## REVENUE

3Q22: KWD63.2 mn  
3Q21: KWD31.7 mn

+99.2%



## OPERATING PROFIT

3Q22: KWD16.1 mn  
3Q21: KWD12.8 mn

+25.7%



## NET PROFIT

3Q22: KWD13.4 mn  
3Q21: KWD11.8 mn

+13.7%

- 3Q22 includes a non-operating loss on foreign currency of KWD0.7 mn against a gain of KWD0.1 mn in 3Q21.



# 9M22 Operational Headlines



## PASSENGERS

9M22: 2.6 mn  
9M21: 511 k

+409.8%



## LOAD FACTOR

9M22: 76.4%  
9M21: 60.7%

+15.7%



## UTILIZATION

9M22: 13.1 hrs  
9M21: 4.6 hrs

+181.1%



## YIELD

9M22: KWD51.0  
9M21: KWD89.3

-42.9%

# 9M22 Financial Headlines



## REVENUE

9M22: KWD140.8 mn  
9M21: KWD47.3 mn

**+197.9%**



## OPERATING PROFIT

9M22: KWD26.0 mn  
9M21: KWD1.6 mn

**+1,571.6%**



## NET PROFIT \*

9M22: KWD20.8 mn  
9M21: KWD70.6 k

**+29,306.7%**

- 9M22 includes a one-off gain of KWD1.7 mn from the sale and lease back of two engines against the sale and lease back of one engine in 9M21 for KWD0.4 mn.
- 9M22 includes a non-operating loss on foreign currency of KWD2.0 mn (3Q22: - KWD0.7 mn) against a gain of KWD1.4 mn in 9M21 (3Q21: KWD0.1 mn).

# Ancillary Revenue

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## CARGO REVENUE

3Q22: KWD502 k  
3Q21: KWD763 k

-34.2%

9M22: KWD1.5 mn  
9M21: KWD1.7 mn

-11.7%



## ANCILLARY REVENUE

3Q22: KWD4.6 mn  
3Q21: KWD2.3 mn

+100.0%

9M22: KWD11.7 mn  
9M21: KWD4.9 mn

+140.1%



## E-COMMERCE REVENUE

3Q22: KWD18.5 mn  
3Q21: KWD8.4 mn

+119.6%

9M22: KWD34.4 mn  
9M21: KWD10.2 mn

+238.4%

# Terminal 5 Performance

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3Q22

▲  
**KWD3.3 mn**  
Revenue

3Q21: KWD977 k

▲  
**KWD2.8 mn**  
EBITDA

3Q21: KWD797 k

▲  
**KWD2.7 mn**  
Net Profit

3Q21: KWD400 k

9M22

▲  
**KWD7.9 mn**  
Revenue

9M21: KWD1.6 mn

▲  
**KWD6.8 mn**  
EBITDA

9M21: KWD758 k

▲  
**KWD6.0 mn**  
Net Profit

9M21: -KWD427 k

**Retail occupancy:** 95% of available space occupied as leasing picks pace with an increase of 27% in revenue over last year

**New check-in counters:** To accommodate the growing number of passengers

**Duty Free:** Generated revenue of KWD3.3 mn in 9M22 compared to KWD145k only in 9M21

**2.6**  
mn passenger



# Operational Performance

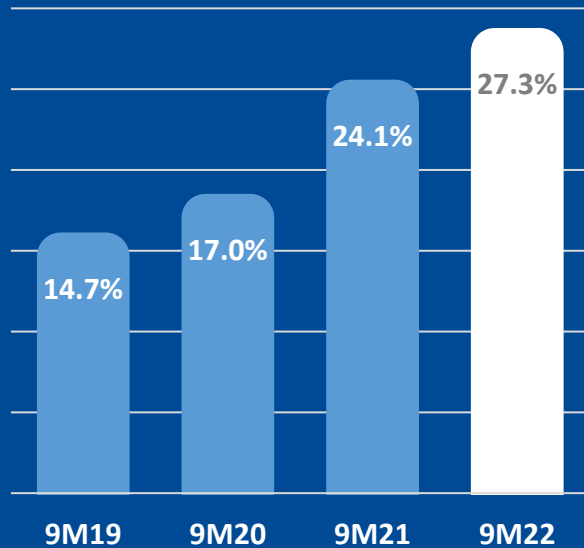
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# 9M22 Market Share & Passengers Distribution

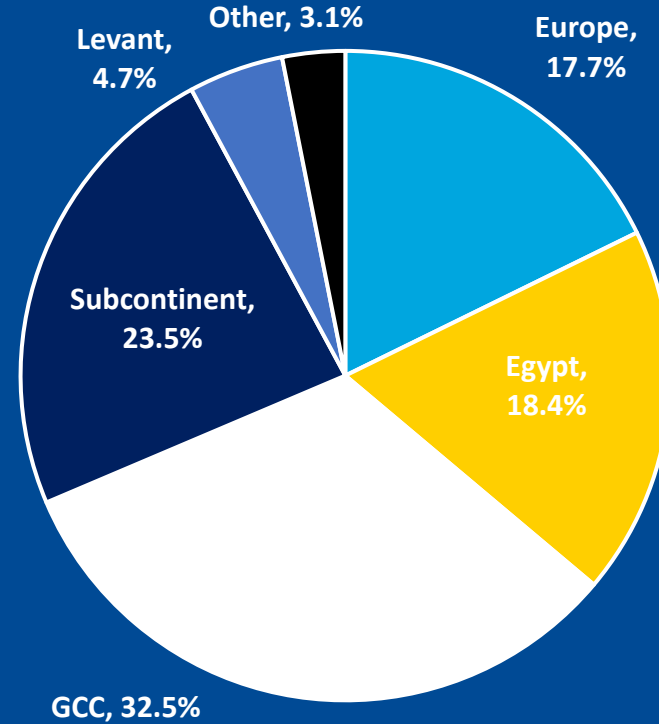
## MARKET SHARE

**27.3%**  
AT KWI

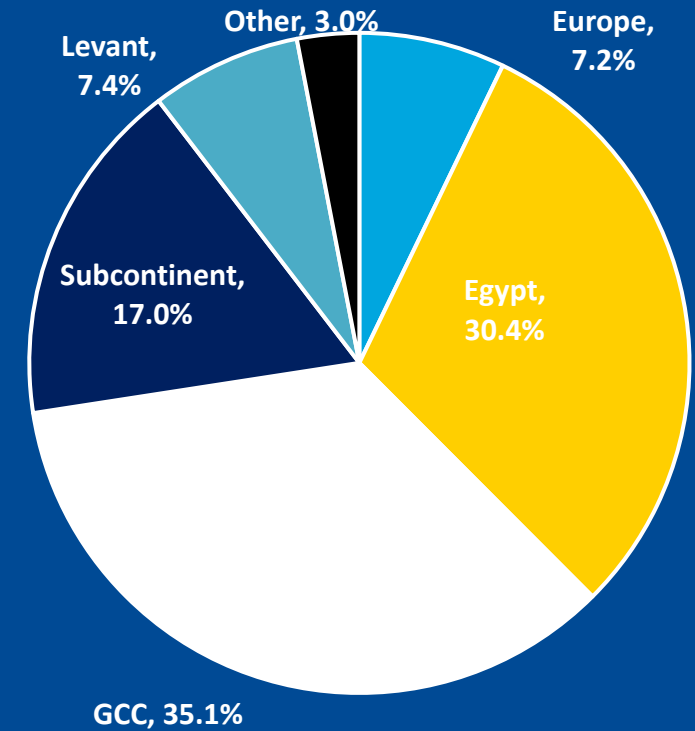


31% market share on Jazeera network in 9M22 against 15.4% in 9M19

## PASSENGERS GEOGRAPHIC DISTRIBUTION – 9M22



## PASSENGERS GEOGRAPHIC DISTRIBUTION – 9M19



# Operational Updates

## Passenger Movement

A very active summer season as Jazeera carried its highest ever passenger count in a single quarter.

## Network Expansion

Launched four new destinations to Saudi Arabia (Abha, Hail, Taif, Qassim), a second destination in Uzbekistan (Namangan) and the first ever destination in China (Xian)

## Doha 2022

joined the flight shuttle program for the FIFA World Cup 2022 in Qatar, with flights between Kuwait and Hamad International Airport, Doha for all matches between November 21st and December 18<sup>th</sup>.

## Fleet Growth

Wet-lease aircraft contract extended till Feb-23 and took delivery of two new Airbus A320neo bringing total fleet to 20 aircraft.

The most active aircraft movements for Jazeera at KIA during 9M22 at 20,161 movements.

Active ongoing negotiations for 2023 additions.

## Fuel Cost

Jet fuel remained high despite the drop of Brent during the quarter, which created pressure on margins.

Managed to navigate through the high season on the back of increased yield and exhaustive network management.

## Social Support

As part of the international disaster flood relief efforts for Pakistan by the Kuwait Red Crescent Society, Jazeera pledged to carry over 2.5 tons of cargo, containing medical supplies and necessary equipment donated by the people of Kuwait to the people of Pakistan.



- 3Q22: 53 destinations
- 3Q21: 41 destinations
- 3Q20: 34 destinations
- 3Q19: 27 destinations



# 4Q22 & 2023 Outlook

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# More normalization on all fronts

## Revenue and Cost Controls

- 4Q22 expected to be, relatively, active with more attention to Umrah, commuting, students and business travel.
- Jet fuel bound to subside eventually during 4Q22 and 1Q23 on lower global demand compared to the summer.
- Positive outlook for 2023 with growing fleet to capture increasing demand and, potentially, lower fuel bill.
- Maintain focus on unit cost control and evolving economies of scale.

## Travel Outlook

- Appetite for travel returned strongly and only expected to continue rising, at normalized rates, in the foreseeable future.
- A large segment of corporate, government and quasi-government related travel still outside of the market and expected to rejoin in 2Q23.
- Overall passenger traffic at KWI in 9M22 and forecast full year 2022 still below 2019 level, which sets up the market for a strong 2023.
- Continued network expansion through launching new destinations in 2023.

# Financial Review

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# 3Q22 & 9M22 Key Parameters

## 3Q21 Vs 3Q22

Operating Parameters	3Q21	3Q22	CHANGE
Average Aircraft	14.6	18.2	24.9%
Destination Cities	41	53	29.3%
<b>Revenue Drivers</b>			
Revenue Drivers	3Q21	3Q22	CHANGE
Seats	461,437	1,350,100	192.6%
Passengers	302,927	1,080,937	256.8%
Load Factor	65.6%	80.1%	14.4%
Net Yield	101.5	55.5	-45.4%
<b>Profitability Drivers</b>			
Profitability Drivers	3Q21	3Q22	CHANGE
Sectors	2,878	7,986	177.5%
Block Hours	9,396	24,038	155.8%
Utilization (BH per Day)	7.0	14.3	104.8%

## 9M21 Vs 9M22

Operating Parameters	9M21	9M22	CHANGE
Average Aircraft	14.2	17.4	22.8%
Destination Cities	41	53	29.3%
<b>Revenue Drivers</b>			
Revenue Drivers	9M21	9M22	CHANGE
Seats	842,745	3,411,206	304.8%
Passengers	511,139	2,605,993	409.8%
Load Factor	60.7%	76.4%	25.9%
Net Yield	89.3	51.0	-42.9%
<b>Profitability Drivers</b>			
Profitability Drivers	9M21	9M22	CHANGE
Sectors	5,340	20,170	277.7%
Block Hours	17,932	62,162	246.7%
Utilization (BH per Day)	4.7	13.1	180.8%

# 3Q22 Financial Performance

<i>KWD</i>	3Q21	3Q22	CHANGE
<b>Operating Revenue</b>	31,718,936	63,199,357	99.2%
<b>Operating Expenses</b>	-13,671,569	-47,069,124	244.3%
<b>Operating Profit</b>	12,836,570	16,130,233	25.7%
<b>Net Profit (Loss)</b>	11,763,888	13,375,727	13.7%

- Load factor increased by 22% and passenger numbers by 257% driving revenues upwards, which was partially offset by 46% decline in yield that compared to the high yields of 3Q21 that were inflated by COVID restrictions.
- Terminal revenue also increased by 234%.
- Operating costs are higher by 179% in line with the higher level of operations (177%) despite the huge fuel price increase (409%) over 3Q21.
- Accordingly, operating profit was higher by 26% in 3Q22 over the corresponding period.
- Exchange revaluation book loss of Lease Liabilities accounted for KWD0.7 mn in 3Q22.

# 9M22 Financial Performance

<i>KWD</i>	9M21	9M22	CHANGE
<b>Revenue</b>	47,272,396	140,812,170	197.9%
<b>Operating Expenses</b>	-45,719,179	-114,849,324	151.2%
<b>Operating Profit</b>	1,553,217	25,962,846	1,571.6%
<b>Net Profit (Loss)</b>	70,615	20,765,404	29,306.7%

<i>KWD</i>	FY21	9M22	CHANGE
<b>Cash</b>	50,060,300	55,022,643	9.9%
<b>Fixed Assets</b>	21,165,460	37,681,283	78.0%
<b>Total Assets</b>	225,187,429	275,157,849	22.2%
<b>Total Liabilities</b>	195,102,900	237,928,933	22.0%
<b>Total Equity</b>	30,084,529	37,228,915	23.7%

- Revenue growth driven by higher load factor and passenger numbers, but partially offset by the 43% decline in yield compared to 9M21. Terminal revenue also grew by 387% YoY.
- Operating costs are higher by 151% despite higher level of operations (277%) and fuel price (70%) over 9M21 resulting in the large increase in operating profits.
- Exchange revaluation book loss of Lease Liabilities of KWD2 mn.
- Cash balance increased to KWD55 mn in 3Q22 despite advances to Airbus (KWD17 mn) and dividend payment (KWD13.6 mn), due to operating profits, increased advance collections and sale-and-leaseback gains.
- Fixed assets are higher primarily due to the Airbus Advance while liabilities increased on the back of growing deferred revenue.
- Dividends payment of KWD13.6 mn reduced total equity compared to FY21, which was enhanced by YTD profits of KWD20.8 mn.

# Fuel Impact on 9M22 profitability

- Record profitability achieved despite extremely unfavorable fuel prices.
- Following the drop of Brent, Jet fuel trended down slightly but maintained the high spread with Brent from 28% in 2Q22 to 30% in 3Q22.
- Operating and net profit would have been higher by **KWD13.8 mn** at start of the years and even with higher fuel as was the case during the year, it would have been **KWD3.5 mn**.

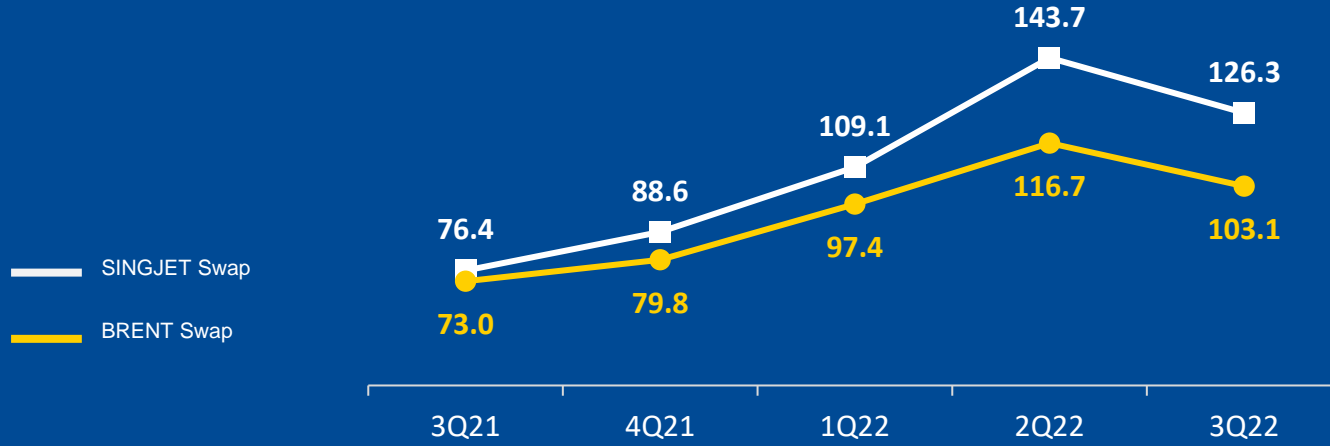
(USD)	Start 2022 Prices	Average 9M22 Price	Actual
Average Brent	75	103	103
Average Jet fuel	83	114	126
Spread	8	11	23
Spread (%)	11%	11%	23%

Assumptions	Brent at 01 Jan 22 level Normal range spread 10-15%	Average 9M22 Brent Same spread at 11%	Based on weighted consumption
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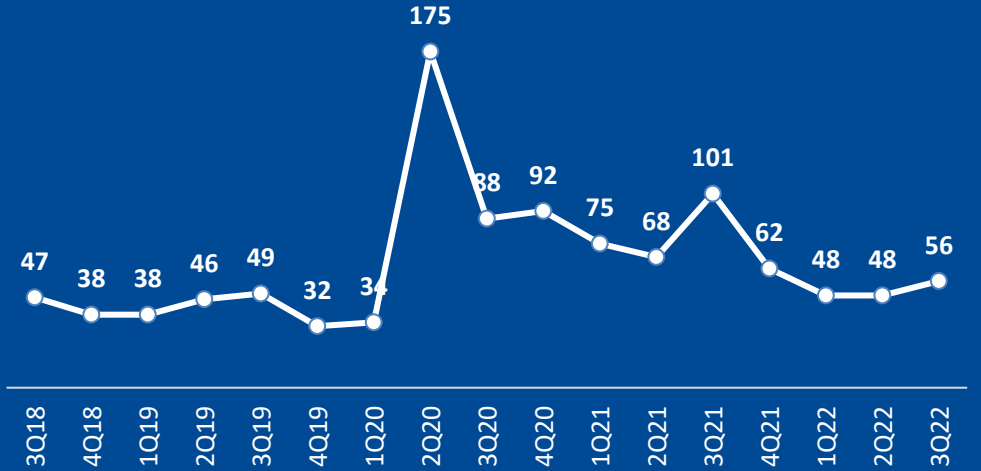
(KWD mn)	Assumed 9M Results	Variance from Actual	Assumed 9M Results	Variance from Actual	Actual 9M Results
Fuel cost	27.6		38.0		41.5
Operating profit	39.8	<b>+13.8</b>	29.5	<b>+3.5</b>	26.0
Net Profit	34.6		24.3		20.8

# 3Q22 Key Performance Metrics

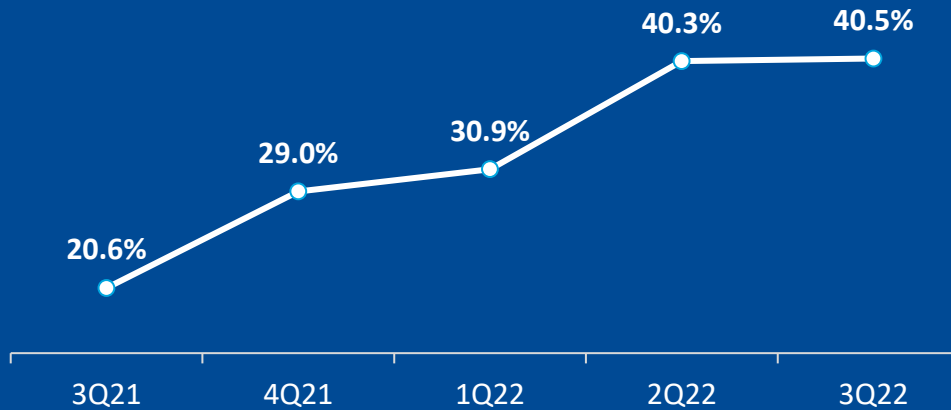
## BRENT Swap Vs. SINGJET Swap (USD/BBL)



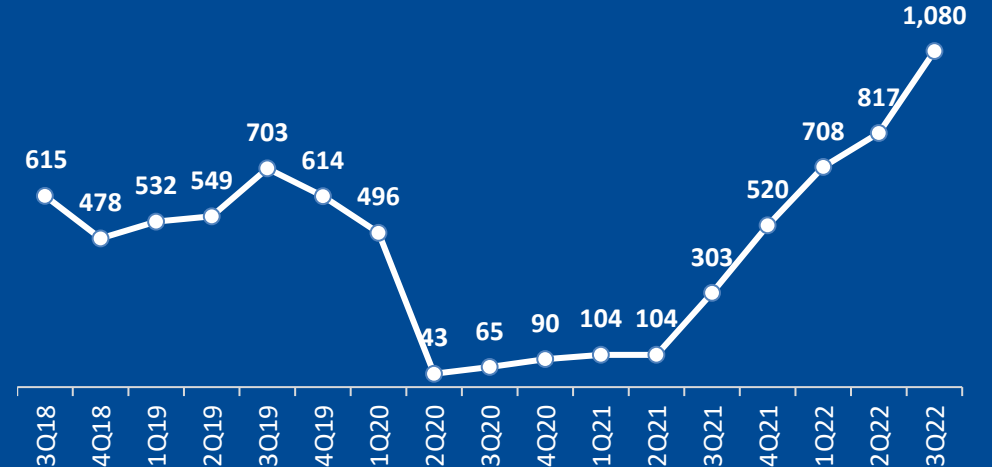
## Quarterly Yield (KWD)



## Fuel as Percent of Direct Costs



## Quarterly Passengers (000)





# Q&A



# Contact

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

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