

Date: 08 February 2023

التاريخ: 08 فبراير 2023

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

السادة / شركة بورصة الكويت  
تحية طيبة وبعد ،،،

**Subject: Disclosure regarding the conference call held with analysts and investors of Jazeera Airways K.S.C.P. for the annual audited consolidated financial statements for the year ended 31/12/2022.**

**الموضوع / إفصاح شركة طيران الجزيرة ش.م.ك.ع. عن انعقاد مؤتمر المحللين / المستثمرين عن البيانات المالية السنوية المجمعة للسنة المالية المنتهية في 2022/12/31.**

With reference to the above subject, please note that the conference with analysts and investors for the annual audited consolidated financial statements for the year ended 31/12/2022 was held via a Conference call on Wednesday 08 February 2023 at 3:00pm, and that no material information was shared during the call.

بالإشارة إلى الموضوع أعلاه، يرجى الإحاطة بأن مؤتمر المحللين / المستثمرين عن البيانات المالية السنوية المجمعة للسنة المالية المنتهية في 2022/12/31 قد انعقد عن طريق (Conference Call) يوم الأربعاء الموافق 08 فبراير 2023 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

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

وتفضلوا بقبول فائق الإحترام ،،،



روهيت راماشاندران

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# 4Q22 Earnings Webcast

08 February 2023

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*Starting Shortly...*

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# Agenda

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- ◆ Operational & Financial Headlines
- ◆ Operational Performance
- ◆ Outlook for 1Q23 & 2023
- ◆ Financial Review
- ◆ Q&A



# Operational & Financial Headlines

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# 4Q22 Operational Headlines



## PASSENGERS

4Q22: 978 k  
4Q21: 520 k

+88.0%



## LOAD FACTOR

4Q22: 78.7%  
4Q21: 74.2%

+4.5%



## UTILIZATION

4Q22: 12.4 hrs  
4Q21: 9.2 hrs

+35.3%



## YIELD

4Q22: KWD39.9  
4Q21: KWD61.7

-35.3%

# 4Q22 Financial Headlines



## REVENUE

4Q22: KWD41.3 mn  
4Q21: KWD33.1 mn

+24.7%



## OPERATING PROFIT

4Q22: KWD0.9 mn  
4Q21: KWD9.3 mn

-90.5%



## NET PROFIT

4Q22: KWD-0.7 mn  
4Q21: KWD7.0 mn

-109.7%



# FY22 Operational Headlines



## PASSENGERS

FY22: 3.6 mn  
FY21: 1.0 mn

+247.5%



## LOAD FACTOR

FY22: 77.0%  
FY21: 66.8%

+10.2%



## UTILIZATION

FY22: 12.9 hrs  
FY21: 5.9 hrs

+118.1%



## YIELD

FY22: KWD47.9  
FY21: KWD73.9

-35.1%

# FY22 Financial Headlines



## REVENUE

FY22: KWD182.1 mn  
FY21: KWD80.4 mn

+126.5%



## OPERATING PROFIT

FY22: KWD26,8 mn  
FY21: KWD10.8 mn

+148.4%



## NET PROFIT \*

FY22: KWD20.1 mn  
FY21: KWD7.0 mn

+183.6%

- FY22 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 FY21 for KWD0.4 mn.
- FY22 includes a non-operating revaluation impact of future IFRS 16 lease liabilities of KWD1.9 mn against a gain of KWD0.7 mn in FY21.

# Ancillary Revenue



## CARGO REVENUE

4Q22: KWD464 k  
4Q21: KWD622 k

-25.4%

FY22: KWD2.0 mn  
FY21: KWD2.3 mn

-14.9%



## ANCILLARY REVENUE

4Q22: KWD3.7 mn  
4Q21: KWD2.9 mn

+25.1%

FY22: KWD15.4 mn  
FY21: KWD7.8 mn

+96.9%



## E-COMMERCE REVENUE

4Q22: KWD6.8 mn  
4Q21: KWD5.5 mn

+23.0%

FY22: KWD41.3 mn  
FY21: KWD15.7 mn

+162.6%

# Terminal 5 Performance

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4Q22

▲  
**KWD2.3 mn**  
Revenue

4Q21: KWD1.6 mn

▲  
**KWD1.9 mn**  
EBITDA

4Q21: KWD1.5 mn

▲  
**KWD1.7 mn**  
Net Profit

4Q21: KWD1.3 mn

FY22

▲  
**KWD10.2 mn**  
Revenue

FY21: KWD3.2 mn

▲  
**KWD8.4 mn**  
EBITDA

FY21: KWD1.9 mn

▲  
**KWD7.8 mn**  
Net Profit

FY21: KWD0.8 k

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

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

**Duty Free:**  
Generated revenue of KWD4.2 mn in FY22 with a net margin of 30%

**3.6**  
mn passenger



# Operational Performance

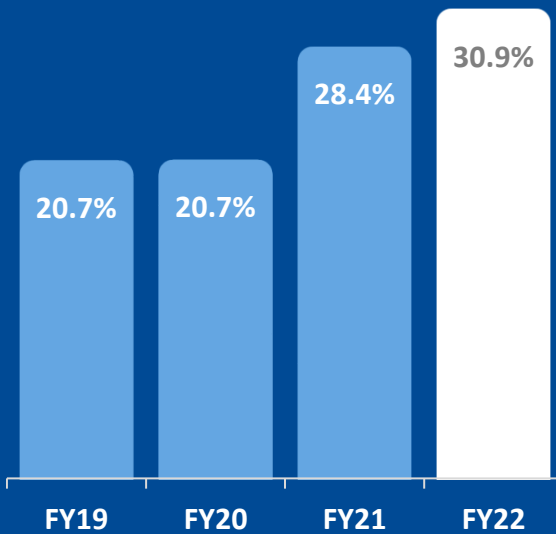
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# FY22 Market Share & Passengers Distribution

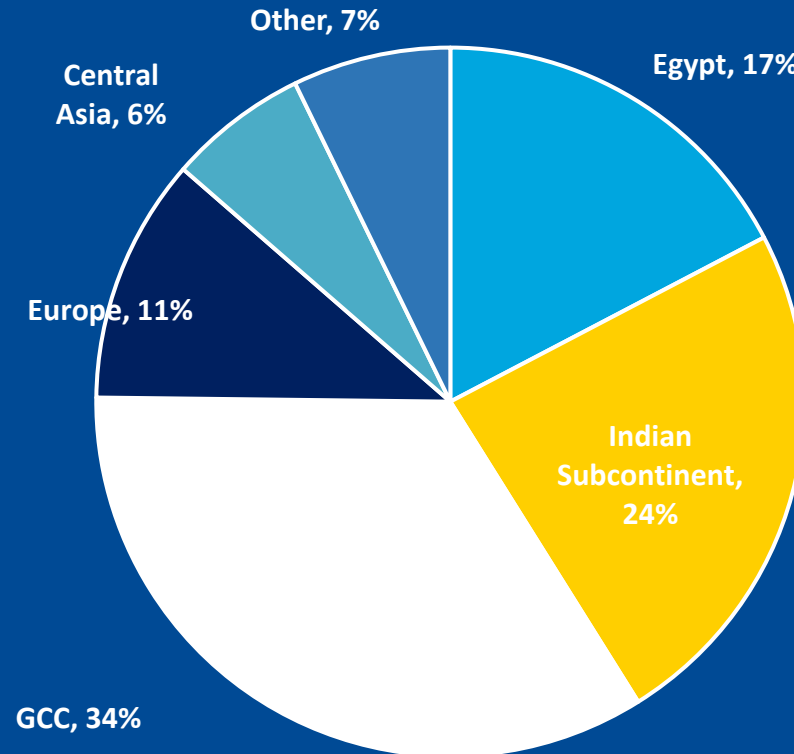
## MARKET SHARE

**30.9%**  
AT KWI

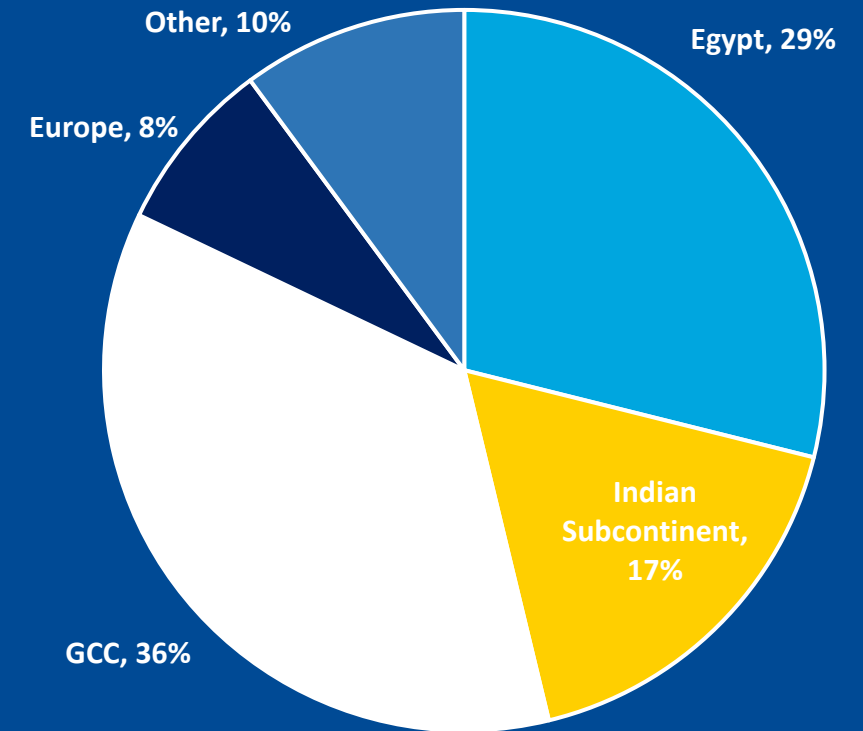


4Q22 market share of 33.5% on Jazeera network

## PASSENGERS GEOGRAPHIC DISTRIBUTION – FY22



## PASSENGERS GEOGRAPHIC DISTRIBUTION – FY19



# Operational Updates

## Passenger Movement

The most active year on record for Jazeera moving 3.6 mn passengers; the highest ever passenger count in the history of the company.

## Cash Management

Collected Covid repatriation cash reimbursement, in the tune of KWD2.8 mn, from Kuwait Government after a prolonged delay.

## Fleet Growth

Added two long-term leases in addition to one wet-lease bringing fleet size to 20 aircraft.

## Network Expansion

Launched 18 destinations during the year and resumed travel to 4 more bringing total destinations served by Jazeera to 58.

## Fuel Cost

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

## Team Evolution

Total employees reached c. 1,200 in December 2022 up from 816 at the end of 2021.

## Doha 2022

Flew more than 10k passengers to and from Doha on special charter flights during Doha 2022 World Cup.

## Travel Demand

Overall passenger traffic at KWI in FY22 and forecast full year 2022 still below 2019 level, which sets up the market for a strong 2023.

## In-house Maintenance

Doing in-house line and light maintenance, most A checks, Engine changes, Engine Borescope inspections, CAMO

# Great Place to Work

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✓ **576** Support Staff

✓ **233** Pilots

✓ **418** Cabin Crew

✓ **61** Staff Per Aircraft

✓ **6.1** Cabin Crew Set

✓ **6.9** Pilot Crew Set



We're Great Place to  
Work-Certified™!

**85%**

of our employees said that when  
you join the company, you are  
made to feel welcome

Source: 2023 Great Place to Work Trust Index® Survey





- 4Q22: 50 destinations
- 4Q21: 36 destinations
- 4Q20: 20 destinations
- 4Q19: 31 destinations

# Outlook

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# More normalization on all fronts in 2023

## Revenue and Cost Controls

- 1Q23 is proving to be active with more attention to Umrah, commuting, students and business travel.
- Jet fuel still on the higher end but spread is gradually normalizing.
- Fleet will reach 22 aircraft by the end of 2023 with potential wet-leases during the high summer season.
- 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

- Continue growing Jazeera's connections segments connecting Russia, CIS and the Subcontinent to the GCC via Jazeera's hub in KIA.
- Add new summer destinations in Europe to cater for outbound travel demand.
- A large segment of corporate, government and quasi-government related travel still outside of the market and expected to commence in 2Q23.

# Duty-Free

- Jazeera Duty Free operations commenced in 2H21 and are proving to be an important contributor to Facilities revenue and profitability.
- Managed internally through a dedicated and experienced team.
- Great growth prospects in terms of expansions locally and regionally.

FY22 revenue KWD4.3 mn  
against KWD3 mn in FY19

Pays rent to T5 as a third-  
party operator

FY22 Net Profit of KWD1.3  
mn with a net margin of  
30%

FY22 Average Transaction Value  
is 17% above FY19

Relaunched inflight shop  
with more tailored items

Plans to grow geographically  
outside of Kuwait

# Simulator (Approved Training Organization)

- Simulator ordered for delivery in 3Q23.
- Designs being submitted to DGCA for land approval next to Jazeera Head Office.
- Building construction will commence in 1Q23 and will be ready for installation on arrival in Kuwait.
- Estimated project cost KWD4.5 mn.
- The simulator will help create a pipeline of Kuwaiti pilots trained and upgraded in-house to Jazeera safety standards.
- Expected to turn profitable from second year of operations in addition to 10-15% annual savings in training cost.

# Long-Term Business Model

- Continue adopting the successful model that has worked so far for Jazeera.
- Hyper-growth phase extends to 2027-28 as growth in fleet and network remains unabated.

## Fleet Expansion

Fleet size to reach 35 aircraft in the coming 5 years.

## Network Expansion

Reach +100 destinations in the coming 5 years.

## Load Factor

Target +80% load factor over the next 3 years.

## Vertical Expansion

Moving services in-house such as ATO and Duty Free with several more in the making.

## Duty Free

To continue growing in Kuwait and expand in other markets.

## Facilities

Ongoing expansions over several fronts to cater for growing passenger movement.

# Financial Review

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# 4Q22 & FY22 Key Parameters

## 4Q21 Vs 4Q22

Operating Parameters	4Q21	4Q22	CHANGE
Average Aircraft	16.2	20.0	23.2%
Destination Cities	36	50	38.9%
Revenue Drivers	4Q21	4Q22	CHANGE
Seats	701,079	1,242,639	77.2%
Passengers	520,213	978,094	88.0%
Load Factor	74.2%	78.7%	4.5%
Net Yield	61.7	39.9	-35.3%
Profitability Drivers	4Q21	4Q22	CHANGE
Sectors	4,234	7,370	74.1%
Block Hours	13,664	22,772	66.7%
Utilization (BH per Day)	9.2	12.4	35.3%

## FY21 Vs FY22

Operating Parameters	FY21	FY22	CHANGE
Average Aircraft	14.7	17.4	19.0%
Destination Cities	40	58	45.0%
Revenue Drivers	FY21	FY22	CHANGE
Seats	1,543,824	4,653,845	201.4%
Passengers	1,031,352	3,584,087	247.5%
Load Factor	66.8%	77.0%	10.2%
Net Yield	73.93	47.96	-35.1%
Profitability Drivers	FY21	FY22	CHANGE
Sectors	9,574	27,540	187.7%
Block Hours	31,597	84,935	168.8%
Utilization (BH per Day)	5.9	12.9	118.1%



# 4Q22 Financial Performance

<i>KWD</i>	4Q21	4Q22	CHANGE
<b>Operating Revenue</b>	33,122,895	41,304,036	24.7%
<b>Operating Expenses</b>	-23,871,364	-40,428,903	69.36%
<b>Operating Profit</b>	9,251,531	875,133	-90.54%
<b>Net Profit (Loss)</b>	7,336,950	-727,629	-109.92%

- Load factor increased by 4.5% and passenger numbers by 88% driving revenues upwards, which was partially offset by the 57% decline in yield.
- 4Q21 yields were extremely high with the Airport suddenly being opened by DGCA and the shortage of flights.
- Terminal revenue also increased by 42%.
- Operating costs are higher by 70% in line with the 74% higher level of operations, despite the large 149% increase in fuel price over 4Q21.

# FY22 Financial Performance

KWD	FY21	FY22	CHANGE
<b>Revenue</b>	80,395,291	182,116,206	126.5%
<b>Operating Expenses</b>	-69,590,543	-155,278,228	123.1%
<b>Operating Profit</b>	10,804,748	26,837,979	148.4%
<b>Net Profit (Loss)</b>	7,080,487	20,082,395	183.6%

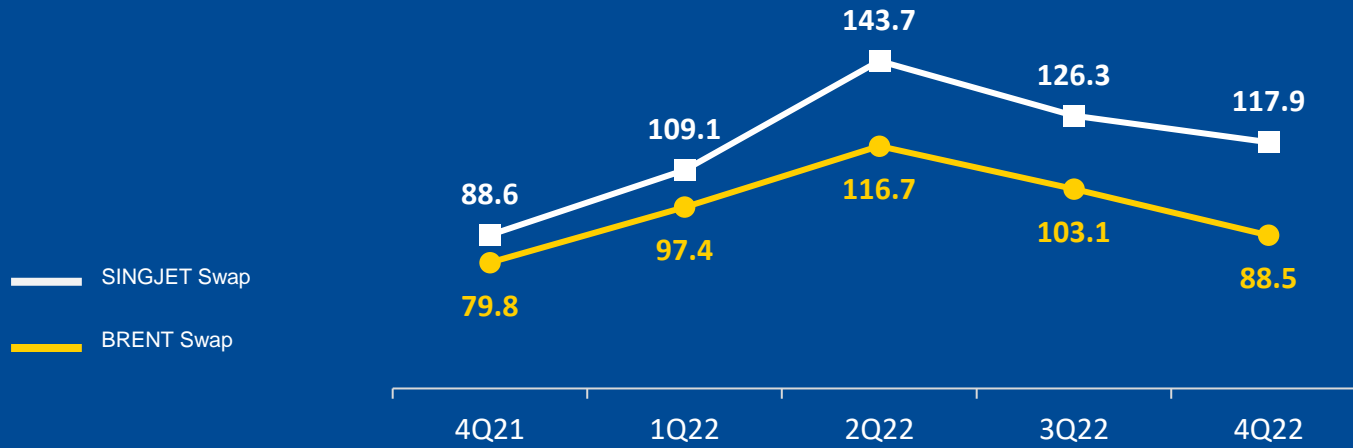
KWD	FY21	9M22	CHANGE
<b>Cash</b>	50,060,300	52,267,804	4.4%
<b>Fixed Assets</b>	21,165,460	44,164,804	108.7%
<b>Total Assets</b>	225,187,429	272,097,912	20.8%
<b>Total Liabilities</b>	195,102,900	235,570,660	20.7%
<b>Total Equity</b>	30,084,529	36,527,251	21.4%

- Load factor increased by 10% and passenger numbers by 247% driving revenue upwards, partially offset by the 35% decline in yield given the extraordinary yields of FY21.
- Operating costs are higher by 123% despite a 187% increase in the level of operations and 348% increase in fuel price over FY21.
- Non-operating negative exchange revaluation of future lease liabilities of KWD2 mn.
- Cash balance is KWD52 mn compared to KWD50 mn in FY21 despite KWD25 mn advances to Airbus and KWD13,6 mn cash dividend payments, mainly due to operating profits, increased advance collections and SLB gains.
- Increase in fixed assets primarily due to Airbus advance for the balance aircraft of KWD25 mn and the addition of two leased aircraft during the year..

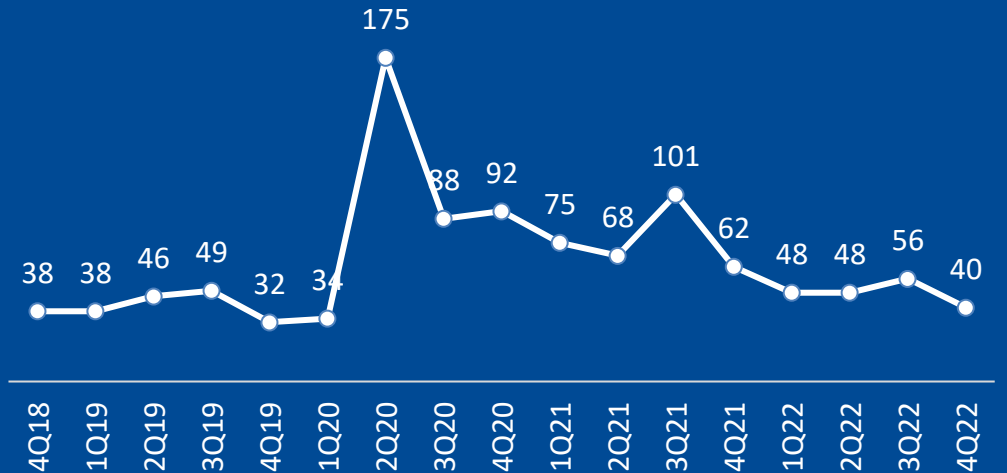
BOD recommended dividend of KWf50 / share for 2H22 for a total of KWf80 / share for FY22.

# 4Q22 Key Performance Metrics

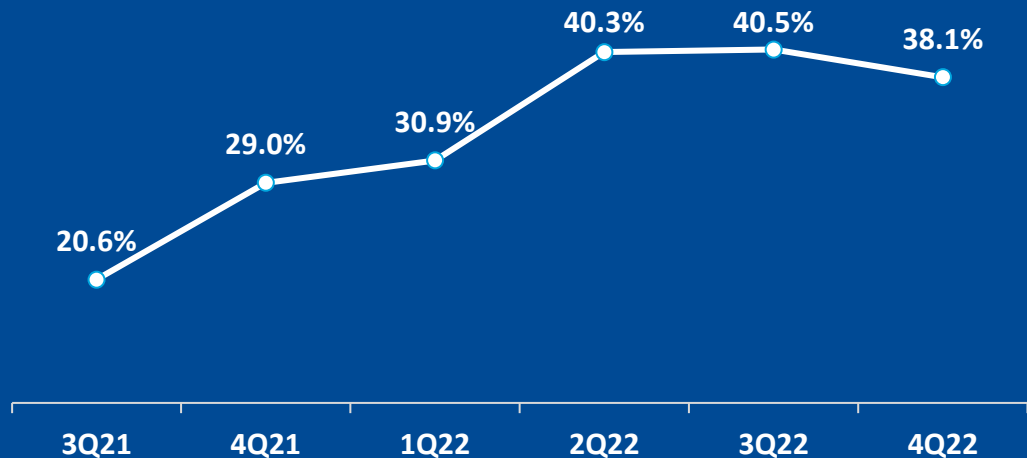
### BRENT Swap Vs. SINGJET Swap (USD/BBL)



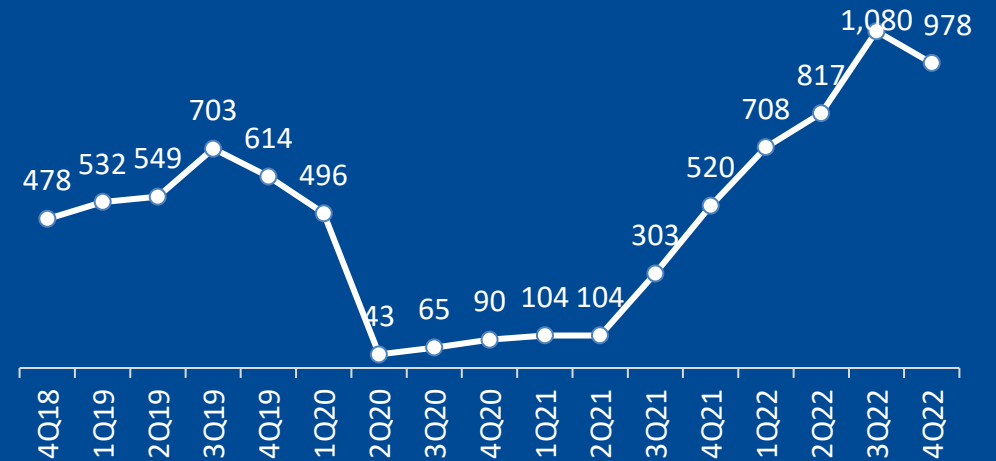
### Quarterly Yield (KWD)



### 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**

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