

Date: 09 February 2025

التاريخ: 09 فبراير 2025

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

المحترمين،

السادة/ شركة بورصة الكويت

تحية طيبة وبعد ،،،

**Subject: Disclosure regarding the transcript of 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 31/12/2024**

**الموضوع / إفصاح شركة طيران الجزيرة ش.م.ك.ع. عن محضر مؤتمر المحللين / المستثمرين عن نتائج البيانات المالية السنوية المجمعة للسنة المالية المنتهية في 2024/12/31.**

With reference to the above subject and our disclosure dated 04 February 2025, please find attached transcript of conference call held with analysts and investors for the annual audited consolidated financial statements for the year ended 31/12/2024.

بالإشارة إلى الموضوع أعلاه، وإلى إفصاحنا بتاريخ 04 فبراير 2025، نرفق لكم محضر مؤتمر المحللين/ المستثمرين عن نتائج البيانات المالية السنوية المجمعة للسنة المالية المنتهية في 2024/12/31.

Sincerely,

وتفضلوا بقبول فائق الاحترام ،،،



Barathan Pasupathi باراثان پاسوپاثي  
CEO الرئيس التنفيذي



Jazeera Airways K.S.C.P.  
Authorized and Paid Capital K.D 22,000,000  
Commercial Registration Number 102546

P.O.BOX 29288, Safat 13153, Kuwait, State of Kuwait  
T: +965 2224 8670 | 2433 3304  
F: +965 2433 9432  
Customer Support 177  
jazeeraairways.com

شركة طيران الجزيرة ش.م.ك.ع.  
رأس المال المصرح به والمدفوع 22,000,000 د.ك.  
رقم السجل التجاري 102546

ص.ب 29288 الصفاة، 13153، الكويت، دولة الكويت  
هاتف: 2433 3304 | 2224 8670 +965  
فاكس: 2433 9432 +965  
خدمة العملاء 177  
jazeeraairways.com

**Transcript of Jazeera Airways K.S.C.P 4Q24 Analysts / Investors Conference Call held on Tuesday 04 February 2025.**

**Mirna:** Hello, everyone. This is Mirna Maher from EFG Hermes, and welcome to Jazeera Airways 4Q24 Results Conference Call. I'm pleased to be joined today by Barathan Pasupathi, CEO; Krishnan Balakrishnan, Deputy CEO & CFO. We will first start the call with a presentation from management, and then we'll open the floor for the Q&A session. Please go ahead.

**Barathan:** Thank you, Mirna, and good afternoon to everyone on the call today. I am joined today by our Deputy CEO and group CFO, Krishnan Balakrishnan. As we come into 20 years of flying, we are pleased to announce that Jazeera Airways has successfully navigated winter seasonality in Q4 and posted strong set of results for FY2024. Jazeera Airways has delivered 10.2 million KD net profit for 2024, which is a 66.2% increase over 2023 driven by strong passenger growth. Strategic and flexible capacity management, along with network adjustments and unit cost reductions, drove strong performance in Q4. This strengthens the positive momentum built throughout the year that you've seen from Q2, 3 and now 4, positioning the airline for greater start for 2025. In the previous quarters, we discussed our strategy and transformation efforts, and today we will share as a point in the agenda our long-term strategy offering deeper insights into our journey as we mark our 20th anniversary.

Now, let us unpack the fourth quarter of 2024. If you refer to slide 6, you'll see that under the year-long theme of capacity management, Jazeera's efforts saw passenger numbers, flights and yield increase year on year. There was 8.7% growth this quarter in passengers with higher system wide load factors at 79.4%. That is a 3.6% increase quarter over quarter. Quarter over quarter, we also improved RASK, driven by a 6% yield improvement and a 3.6% of load factor improvement that we just talked about. In the quarter, CASK, excluding fuel, dropped by almost 5%, it's close to 6% at 5.6%. This was a very strong performance in Q4 of 2024, which seasonality wise, was one of the weakest quarters.

For full year 2024, in the next slide, you'll see that passenger numbers actually grew by 5.1% year on year to almost 5 million customers as Jazeera responded actively in capturing demand and market share across the network and in peak periods during Q4. Annually, in yield in KD terms, was flat, signaling a recovery that

you've seen from Q1 to Q4. This is largely due to continued market capacity oversupply in first half of 2024, which has abated in second half of 2024. We are now seeing an improved demand environment, and Jazeera has made quick returns from optimizing ancillary revenues during the quarter. CASK dropped by almost 2% excluding fuel. Utilization is down for the year, as we have indicated very early in the year in Q2 and 3, that we'll be taking a very disciplined approach in capacity management between peaks and seasonally weaker periods.

If we now move on to the next slide on financial headlines. In FY2024, we saw a step up in focus in both revenue and cost management. In fact, in fourth quarter of 2024, revenue increased by an impressive 15% Q on Q. Operating performances improved by 45.6%, and net profit improved by 41.5%. This basically indicates both the RASK and cost improvement that you've seen on Q on Q. If you then further take it down for the full year performance, revenue improved by 5.3%, operating profit improved by 46.8%, and net profit improved by an impressive 66.2%. This solidifies the position of strength that we have seen from Q2, Q3 and Q4, in yield and cost management. And over this last three quarters of full year 2024, we have also seen impressive growth in ancillary revenues.

Now if I move on to the next slide on ancillary revenue, here, you'll see the efforts that we have been speaking about in Q2 and Q3 pay off quite handsomely over the full year. Ancillary revenue in Q4 improved by 2.2% over Q3, of Q4 of 2023. In the full year, that's almost an impressive 15% improvement in ancillary revenue. That was straight to the bottom line of the business. Cargo revenue was marginally higher in fourth quarter of 2024, and full year cargo revenue was lower due to the higher seat load factors that we've seen system wide in Q2 and Q3 displacing marginal cargo loads.

If I move on to the next slide, on business performance, you'll see that Jazeera, over the course of 2024, has taken market share in the Kuwait market by driving high peak seasonality rotations in Q2 and Q3 and in discipline, capacity management in Q4. Market share in 2024 is now an impressive 30.5% or almost 31%. In terms of network distribution between full year '22, '23 and '24, it is mostly in balance, and you have seen growth in the Egyptian markets and the European markets due to the summer rotations, where we launched almost 500,000 seats in leisure campaign in summer of 2024.

If I can just shift to operational updates. In 2024, we took delivery of one Airbus A320 CEO during 3Q, bringing the fleet to 24. We have, in fact, balanced capacity in an agile way and leased out capacity in Q4 throughout winter to an external party to manage capacity. That has been one of the main contributors in performance in Q4, compared to Q4 of 2023. In Q4 of 2024, we have also purchased six Airbus A320 CEOs to mitigate supply chain constraints that the industry has been seeing. This not only managed our full delivery pattern or aircraft capacity over the next number of years, but it also enabled Jazeera to reduce unit costs, and we'll speak more about it in the strategy section today.

In terms of passenger movement, this was the most active year on record, with Jazeera moving almost 5 million passengers across the entire network through terminal five T5. We had indeed had the busiest Hajj season and a summer season in 2024, and we'll build on that in 2025. In terms of aircraft rotations, we have recorded the largest aircraft rotation scene in a business as you come into 20 years of flying with 18,374 rotations. On yield, we are now starting to see a very stable yield environment compared to full year 2023. This improvement has been mainly driven across the network with our deployment strategy of putting seeds in the right markets with the right capacity and managing capacity very, very acutely. We have seen capacity growth in 2023 abate in 2024, and we have taken opportunistic growth in markets and market share along with that. The moderation of capacity growth in the Kuwait market on an overall basis and across the region, has helped us increase direct connectivity in demand, in point-to-point distribution in our network. In terms of fuel, we continuously see a stable fuel cost environment in 2024, with improved fuel efficiency, with Jazeera recording an impressive fuel growth savings captured in our fuel savings program. Our network, we expanded the network and operated the largest ever leisure program during the summer peak in 2024, and we had a Hajj season filling into summer with strength being seen in Q3 and then in Q4 in some of the leisure markets as well. We continue to build market share on high growth markets and segments, as you've seen in the Kuwait airport statistics. In our quest of transformation and moving into the digital platform, we have seen huge app downloads increasing by 15.5% in 2024. And reaching almost 1.2 million customers.

The next slide, please. Our outlook for 2025 is now positive. From a revenue and cost point, we will see network capacity management with a high focus and high yielding point to point destinations across the Jazeera's network. In parallel,

Jazeera will continue to increase leisure and religious segments. Just two weeks ago, we launched a summer campaign for 2025, six months before summer. We launched four new destinations, and we will launch more in the coming weeks. We think this year we will be able to deliver more than 700,000 seats in summer of 2025. We'll emphasize on driving ancillary revenue, higher growth and further optimization, along with new products. You'll see in our efforts in 2025, yield almost a 50% increase in ancillary revenue across the network. And when we cover our strategy on a five-year basis, we have a high ambition on driving greater ancillary revenue per customer. The fleet will remain at 24 aircraft, but seat capacity will increase. We project passenger seat capacity this year will grow by almost 7% to 8% network wide with our seat densification program, which we'll explain in the ensuing slides. The acquisition of the six aircraft in the fourth quarter of 2024 will positively impact operating costs with full impact materializing in 2025, while other cost optimization programs will be still running. With all of these tailwinds we see in the early start in 2025, we maintain a positive outlook for 2025. From the industry, we see supply in the market moderating. We've seen that in Kuwait, and we see that across the GCC regional hubs as well. We see more opportunities in leisure market segments, which recent launch of a summer '25 campaign, as several operators have suspended operations into Kuwait. We expect more growth in overall KIA passenger movement than 2024, with the easing of travel policies in Kuwait and resulting in a very normalized travel environment.

In terms of jet fuel prices, given the recent US policy stance on oil and energy prices to keep control of inflation, we see a favorable jet fuel price environment in 2025. Another added tailwind for the industry, for us is improving geopolitics that the region is presenting and opportunities of new destinations. In December of 2024, we restarted the Beirut operations, and with what we are seeing in Syria, we are keeping our eyes actively open for further opportunities in the Syrian market, when the market opens up. As we come into 20 years of flying, I'd like to take a moment to acknowledge the passionate, incredible people and teams across Jazeera's network, and the outstanding efforts in which we have seen resilient performance in Q4 and for the whole of 2024.

Now please, let me hand over to our Deputy CEO, Krishnan, to give you further details on terminal five and a detailed overview of the financial performance for 2024. Over to you, Krishnan.

**Krishnan:** Thank you, Barathan, and a very good afternoon to everyone on the call. Thank you for taking time for attending this financial year 2024 Jazeera performance call. So let me take you to the slide 17 that we can see on the screen now. So, in the fourth quarter of '24, the terminal five had KD 300,000 higher revenues at 3 million compared to the previous year. The net profit was similar to the previous year because of certain enhancement and safety features that we had to implement in the terminal, as recommended by the Kuwait fire force, The full year, the revenues were higher than the previous year by about 1.4 million KD, and the net profit at 10.1 million KD was higher than previous year by KD 900,000, almost a million KD. So, the terminal has performed well in 2024, and managed 4.9 million passengers moving through the terminal. Even though we expect higher number of passengers in 2025, we are planning several modifications to the existing terminal to enhance the capacity for handling this increase in passenger numbers, and also try to enhance the experience of the passengers when they move through the terminal. We still await the approval from the government for the extension of the terminal, which we have in the plan, but that will not be ready before the 2026 season.

If I can move on to the next slide. On Slide 19 there, even though Barathan has already covered most of these KPIs in his part of the presentation, I just want to highlight a couple of points here. You see the average aircraft has grown from 22.1 in 2023, fourth quarter, to 24 in the fourth quarter of '24. This includes one aircraft, which we have leased out as Bara mentioned during the entire quarter. So actually, the increase was only to 23 aircraft in quarter 4 2024, compared to the previous year, and that's a 4% increase. In terms of available aircraft for Jazeera operations out of Kuwait.

In the quarter four, we did, if you go down to the RASK and the CASK, we did much better than the previous year, both in terms of load factor and yield, which led to a RASK of 7.4% improvement over the previous year, and the CASK ex-fuel an improvement of 5.6%. These two items together gave a double boost to the bottom line. This trend for the full year of FY24 was similar. The RASK was better by 4.4% over the previous year, and the CASK ex-fuel was better by 2%. So therefore, helping us to improve the bottom line.

If I can move on to the next slide, please. So, in the fourth quarter 2024, the operating revenues went up by about 15% year over year. This was driven by the higher seat factor, 3.6%, and resulting in higher passenger numbers and the increased yield of 6% over the previous year. The operating expenses were 6.6% higher than the last year, same quarter, mainly due to the level of operations increasing and the fleet size increasing. In the operating loss, if you see for the quarter, we were 45.6% lower lesser losses than the last year, driven by the main improvements in the revenue and also the operating efficiency measures that were implemented. The net loss reduced by 41.5% based on the better operating results and also the impact of the IFRS due to the aircraft purchase transaction, which was concluded in December 2024, with the purchase of six aircraft, and we had a good interest income on the fixed deposits thanks to the treasury management, better treasury management compared to the previous year.

Moving on to the next slide, in the full year 2024, the revenues increased by 5.3% over the last year, driven mainly by the number of passengers increase of 5.1% and the load factor, as well as the marginal yield, even though there was a very marginal yield, basically of point 2% drop. This was overcome by the increase in the passenger numbers. Operating expenses were higher by 2.7%, despite the increase in the level of operations by 4.3%. So, this reflects the operational efficiency and the costs measures that we could implement. Operating profit improved due to the higher revenue and the cost optimization. Net profit as a result was higher by 66.2% compared to the previous year. This, of course, is mainly because of the operating results as above and the IFRS impact of the aircraft purchases and the interest on the fixed deposits, even though we took a hit of 1.5 million KD of forex losses in the year. So, despite that, the improvement in net profit was 66.2% compared to the previous year.

In terms of cash, our balance of cash increased to 48 million because of the high volume of cash generated from the operations, and of course, certain drawdown of facilities. Fixed assets were higher because of the acquisition of the aircraft. That was about 55 million KD and advances we paid for the aircraft, which was the PDP and other projects which are in the pipeline. Liabilities increased because of the term loan for the aircraft purchase and other requirements. Of course, it was also offset by a reduction in the lease liability relating to the six aircraft that we purchased in the last quarter. The board has recommended a dividend of 40 fills per share for FY24.



Moving on to the next slide, please. So, these graphs show the movements, one in the passenger numbers, how it has been portly, yield and the brand. But most importantly, we wanted to start showing the RASK and the CASK movements. And here you will see the movement over the last five quarters for each of these items. As you can see, the trend has been quite strong, and we believe that these will improve further as we go along.

Now, I will hand this back to Bara for taking you through the strategy. Thank you, Bara.

**Barathan:**

Thank you, Krishnan. You've seen in the last three quarters our initial seats and deployment of our five-year strategy payout in performance on both RASK and CASK. So now let me take you through the broad overview of where we are going for the next five years. Jazeera Airways will retain its vision of being the region's best love value airline by delivering trusted, simple and affordable air travel experiences to a customer. The six fundamental values in which we will deliver this will ride on the first foundation of safety, being reliable in operational efficiency, creating an anxiety free, a stress-free travel experience for customers, making it easy, accessible and always delivering low, affordable fares to our customers across the markets. This five-year strategy will see key pillars of approach. This will strengthen our position as the leading low-cost carrier and drive sustainable growth over the next five years. And the way we will strengthen our position is we'll focus on leveraging cost efficiency, choosing the right markets in terms of network expansion and developing and enhancing customer experience to differentiate ourselves from the competitive regional landscape. Jazeera will also in the next five years embark on a huge digital transformation to enhance both operational efficiency, improve customer experience, and also unlock new revenue opportunities across the customer journey, to ensure long term agility and scalability in terms of how we deliver the right offerings to customer in the right markets with the right products. We've actually seen that play out quite successfully in Q4. We will also embark on vertical integration, which is a great opportunity at the current size and shape Jazeera is in as we enter into 20 years of flying. With 24 aircraft and with an ambition to grow up to 38 aircraft in the next five years, we will be bringing in core critical functions in house. The main intention of this is to reduce operational costs, improve service quality by retaining core capabilities and service experience to customers and having greater control over



operational and strategic outcomes. To deliver that, we will be investing significantly in infrastructure. This strategic investments in airport facilities, aircraft configurations and maintenance capabilities will enable Jazeera to support the growth plans we have for the next five years and to ensure that we deliver operational reliability.

Now, these fundamental pillars will be driven with four strategic objectives, safety, delivering effortless customer experience, a high standard of operational excellence and low fares and ensuring the lowest unit cost in the business. These four fundamental objectives will drive the next five years growth path for Jazeera. Safety will always be a foundation on which we build great customer experiences and drive strong on time performances and operational excellence in turnaround times and delivering the best unit costs in the business. At the same time, we will deliver trusted, simple and affordable airfares to market by making sure we drive the lowest unit cost in the business.

Now, let me take you through the five-year journey on the next slide. In five years, having achieved 24 aircraft in the fleet in 2024, coming into 2025, you will see Jazeera growing to 38 units in 2029. The reason we have purchased the sixth initial Airbus A320 CEO aircraft, is to basically weather the supply chain disruptions that many of you have talked about in the last number of calls, and to go through this period with capacity as we look forward to taking on board our deliveries in the second half of 2026. With the 26 aircraft delivery at Jazeera, we will see the fleet growing from 24 units to 38 units in 2029. And this is everything, including the order book. However, if the opportunities present itself, we will grow opportunistically during this year's when aircraft became become available in the market as well. We will drive high utilization across the network. 2024 has been an experiment on watching peak utilizations of between 15 to 16 hours, and having great capacity discipline in the weaker months in winter, and especially in Ramadan, that is coming up. The same thing in 2024, in 2025. In 2025 onwards, we are now seeing our strategy of active aircraft utilization in markets and building market capacity, where opportunistically, we are growing drive utilization. We see utilization levels growing in 2025, and taking that to almost 13 hours in aircraft. This is an impressive statistic. It is typically in the quadrant where Airbus would put airlines in the high utilization bucket. Now, you would see as mentioned earlier in our presentation that we'll be increasing capacity in 2025 with the same number of units. We are embarking on a seat densification program. Jazeera's A320

aircraft in the entire fleet will have the single, same 180seat configuration. In 2024, given the facing of the local configuration, we'll achieve a higher seat density compared to 2024 at 169. In 2025, this will be 174. This is anticipated and planned to grow to 188 seats a till by 2029, with the blend of the 320 news and the 321 neo coming into the Jazeera fleet from 2026. In terms of passenger numbers, you'll see Jazeera grow from 4.9 to almost 5.3, 5.4 million customers in 2025, again, taking the approach of putting the right capacity in the market across the right market segments, from leisure, from the religious markets and to high peak seasons. You'll see us improving passenger numbers for 5.3 million to 9.5 million in 2029. You've heard Krishnan talk about the Terminal expansion that we are waiting on, but we are making a lot of successful in routes on deploying the current terminal with the right infrastructure and comfort for customers this summer, as we see more than 5 million customers take on the network in Jazeera Airways.

On ancillary revenue in 2024 we achieved 3.6 KD, a customer. Now, if you look at the likes of carriers in Europe, the region and elsewhere, you'll know that this is a huge potential for Jazeera. We have already successfully deployed strategies to harness the low lying fruits in ancillary revenue and posted some 15% of improvements in 2024. We see that growing to 4.5 KD, a customer in 2025, and moving on above 6.7 to almost 7 KD a customer in 2029. On load factors, RASK, a component that Krishnan spoke about, will be a focus at Jazeera. RASK growth is a combination of both yield and load factors. We will be deploying a strategy on building load factors early at Jazeera, and at the same time, capturing the right yield at the back end of the revenue curves.

So, with that strategy, over the next five years, we have an ambitious plan on embarking on digital transformation to deploy these strategies, investing in infrastructure and delivering the lowest unit costs while we retain high standards of safety and operational resilience in Jazeera.

With that, I will close our current presentation, and we'll be open for questions. Thank you.

**Mirna:**

Thank you. If you'd like to ask a question, please use the raise hand function, or you can type your question in the Q&A chat. We will take the first question from the line of ----- . Please unmute yourself.

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Congratulations on a strong quarter. I have a couple of questions. First, on the wet lease of aircraft, the strategy in the lower or slower months of winter, when would the aircraft, come back into the operations? Will it be post Ramadan or before that? If you can get some color on that, it would be helpful. And I assume this is part of leasing film in your revenue, so around 1 million or you made out of this wet lease during fourth quarter. Just correct me if I'm wrong on that front. Secondly, on your major transaction that was done, I'm assuming 1.1 million KD was booked out of this purchase of aircrafts, and you have leveraged around 32 million for the quarter to pay for the purchase. I see a huge jump even in PPE as well. So wanted to know how much would be effectively on the financials, as your rights of use in these liabilities get adjusted while your debt association and interest cost goes up. So, if you can just give us some color on what should be the overall impact in FY25 from this transaction that you've done of taking six aircrafts on your books, given the market tightness of aircraft? Thank you.

**Barathan:** Thank you for the question. Let me break the question into two parts. I will handle the first part and Krishnan will take the second part. On the details of the aircraft, yes on the wet lease, as I've mentioned earlier, it's all part of nimble and agile capacity management in peaks and non-peak periods. Now, if you look at seasonality, if you look at the calendar in the Middle East, is very interesting, given how Ramadan and Hajj markets shift, we will see the wet lease unit come back to Jazeera sometime late April, early May, because this year, just like as we have done in 2024, we'll have an even busier Hajj season, Hajj season, starts on the 15th of May, in the calendars, in the GCC calendars, and we will have the aircraft back flying into it. In fact, we are seeing some huge opportunities, even post Hajj, in the leisure markets that this capacity is required for, and hence the aircraft will be back with us. And the first half of before the before the end of April, the first half of May. Yes, 1 million was recorded, as Krishnan has highlighted in the notes to the accounts. 1 million of revenue is recorded. And I just want to reflect this to the 2024 Q4 performance by actively pursuing this strategy, I think Jazeera has shown how it has been able to be resilient in the winter season months, and this capacity right now for this season has delivered 1 million of leasing revenues. However, that can be different on a forward basis. As Kuwait opens up and we see greater opportunities of deploying capacity on our own networks. Thank you. Over to you. Krishnan.

**Krishnan:** Yeah, thanks, Bara. So -----, good to hear from you, as usual, very perceptive questions. The purchase of the aircraft, the six aircraft, was done in December. You're right. In the PPE schedule, you can see the 55 million. Against that, we had to take a loan from the bank of about 33 or 34 million, yes, overall, this will drive cost improvements for us in the longer run as well. In 2025, this will impact the P&L by roughly about 3 million KD. We'll have a savings. The other thing on which you asked about the IFRS impact, we have retired the ROU assets, and we have written back the lease liabilities, and that net impact was the 1.1 million which you spoke about, which is already taken in Q4. I hope that addresses all your questions.

----- Yeah. Just to follow-up on that, you're seeing 3 million will be the net benefit after depreciation and incremental interest cost for financing this purchase to the bottom line for FY 25.

**Krishnan:** Yeah.

----- Okay. And I just have one, one more strategic related question. I mean, maybe Bara can address that. It's basically what I see right now is your airline business is not really making much money. You've got 10.2 million in profit from the terminal business, 1 million from leasing film, so around 11 million, but your, and your total profit is around 10 million. So, when would we see airline business actually becoming much more profitable? Should that be in 2025? I know there is a linkage with terminal. I can't see it separately, but if I have to look at it from a segment wise, when will we see airline business becoming much more profitable for the Jazeera? Will it be in 2025 or a bit later, as your strategy unfolds?

**Barathan:** Thank you. Look, the precise reason why we've embarked on the own versus the lease strategy on the aircraft is to achieve lower unit cost. That's a very fact, why we have shown two distinct metrics today on the call RASK and CASK. We've been following over the years, but the reason why we put it out there is that you will see a continuous momentum on the upside, on both of them, in terms of price going up and costs coming down. Now, in fact, from an airline basis, the airline this year actually was almost at a breakeven, or 100,000 KD positive on EBIT basis, earnings before interest and tax. Now, that is an achievement compared to 2023 and of course, the environment in 2023 is very different post-COVID when the market is flooded with capacity, yields dropped, cost went up, and as we took on the Q1 challenge, and delivered in Q2 and Q3 and Q4, you've seen that in

successive quarters, we have managed cost down. We have improved revenues. So, while this margin spread continues to go forward in a higher margin base, we are confident that we will be able to deliver airline profitability.

Now, you have to then consider another dimension that we spoke about with the same cost base, we will be now delivering a higher ancillary revenue trajectory. If you then forecast the ancillary revenue trajectory over the number of passengers that will be growing with a higher seat density program with the same cost base, you'll see a different approach to an airline business. And we are confident that with the five-year strategy that we have in place, with Jazeera focusing very strongly in terms of being in the right markets, with the right capacity, with the right density and driving unit costs, 2025 will be a year in which the airline delivers profitability. But this is no different, if you look at 2022, the airline also delivered profitability. It is only in 2023 that there was an issue, and in 2024 it is now navigated back to the right trajectory. Thank you.

----- Perfect. Understood. Thank you so much.

**Mirna:** Thank you. We'll take the next question from ----- . Please unmute yourself.

----- What's your expectation of the need next year, and what's the situation at the market now, with the capacity? Is it now your price taker or price maker for your pricing policy? The second question is, what about your projects in the pipeline? The third question, what is payout ratio in the future? Thank you.

**Barathan:** Thank you. Let me take on the first two questions on the yield and projects. I think you mentioned projects and, Krishnan, I will leave the payout ratios, given the historical payouts we've made to you. Now, in terms of yield, if you look at yield in terms of average fares, in KD, terms of passenger, 2024 was flat. However, it doesn't tell you the full story. If you look at the curves, it was a huge debt in Q1 coming from Q4 of 2023, and then the trajectory, then picking up in Q2, Q3, and even Q4. Now, we are still in the early innings of Q1, but we are pleased to say that the market demand is reacting well to supply. What do I mean by that? If you look at the tail end of 2023, and Q1 there were still pain points in terms of the market opening up. Visas were not available. Family travels was limited. We've seen some amazing growth take place in that particular segment. You've seen Kuwait, as a country, host some great events, like the football tournament. You

had the GCC Cup in December, and you have seen events coming up this year as well, with many events planned for. We are confident that with that, we will be able to drive yields in better levels compared to 2024, given the experience we've seen the last three quarters.

Now, from the comment on whether we are price takers or price makers, it all depends on each individual route, the capacity we have in the route and the demand of those routes. Is it a religious market? Is it a Hajj season, or is it leisure market? Our fundable fundamental proposition is to offer our customers low fares, make travel trusted, simple and affordable, but drive unit cost down. So, by doing that, we will always be able to offer just as we have offered in the four new destinations, we've launched the lowest fares you can get in the market if customers plan and book early. Obviously, that's a different thing when it comes to peak seasons. So, price will. In terms of projects, we are running on multiple projects. I've covered some infrastructure projects I spoken to that includes the operational support building. We will house almost four divisions in engineering coming together in the air side, giving us the best operational performance, the operational reach to our aircraft, and also better unit costs. That's that will be completed this year by Q3. And we also embarking on a number of other projects. On one, we're doing a huge upgrade on the Navitaire, will be the first airline, one of the first few airlines will launch Navitaire, version 4.7 upgrade that is part of the digital ambition that we are pursuing, the transformation we are pursuing, and the customer experience we're pursuing that's on the projects.

Over to you, Krishnan.

**Krishnan:** Yeah, yeah. So, in terms of the payout of dividends, we, as you have already noticed in the past, also, we pay out almost the entire amount available in the retained earnings. This year, also, the recommendation from us to the board and from the board to the AGM is to pay out 40 fills, which amounts to 8.8 million KD, basically using the entire retained earnings to be shared with the shareholders. And we try to keep to this principle as much as we can, because the operations are self-sustaining, and we really would like to share the profits with the shareholders at every available opportunity.

**Mirna:** Thank you. We have some questions in the chat. The first one is from ----- . Is there any risk to increasing land rentals for the terminal going forward? What is the

current annual payment for land, land rentals and any risk to passenger fees going forward?

**Barathan:** You want to take that, Krishnan? I think, was the question meant for rent and the terminal?

**Mirna:** Yes, the terminal and the terminal passenger fees.

**Barathan:** Okay, so when it comes to the land rental increases, we have not seen any publications of increasing rent. We have already programmed it in the performance in the terminal five, as Krishnan has highlighted. In terms of passenger fees, look, we run the terminal in T5, Krishnan will give more color on that shortly, and we have got a very good cost management program in terminal five. But our main, our main strategy this year, going into a very, what we expect to be even a bigger summer, compared to 2024, is to ensure that customers have a very pleasant experience in the terminal, and we are making the right investments. In fact, we are investing quite a fair bit in the terminal. Krishnan can cover that. To ensure that passengers have the right experience over a very busy period in summer. So, yeah, Krishnan.

**Krishnan:** Yeah, so in terms of the rental as of now, like Bara said, we are not expecting any increase, and we don't see any risk in that as of now. And the passenger fees, also, we do not see any change in policy coming, which will be adverse to us. There are no discussions about it so far, and we believe that this will be the case. And the enhancements, of course, to the terminal, as I mentioned earlier, and Bara, too, we are trying to increase the seating capacity within the terminal. We are trying to increase the size of the business lounge. We are creating more counters to handle more check in passengers at the same time. We are creating, trying to create more gates so that we can handle more flights at the same time. So yes, we believe that this summer, 2025, we will give a better experience than summer 2024 to the passengers going through the terminal.

**Mirna:** Thank you. The next question is, can you talk about the discounts that you receive across all cost items currently from the government and any risk related to these discounts?



**Krishnan:** No, we do not see any risk in the discounts we are currently, whatever we are enjoying currently. We think that there will be no withdrawal of any discounts. And of course, we will continuously try and push and see how we can enhance the discount levels. But there we are not sure how successful we will be, but it will be always our endeavor. But what we are currently enjoying, we do not see any change coming through for those. Bara, if you want to add anything, please.

**Barathan:** Just following on what Krishnan said. Kuwait, in Kuwait's vision 2035 plan, there is a big momentum and push towards diversifying away from oil. And if you look at the aviation hub strategies deployed in Saudi Arabia Vision 2030, and even in Qatar or UAE or the Far East or Europe, I think airlines bring significant GDP growth in economies. We believe that Jazeera, given the fact that we touched on market share at 30.5, given we bring almost more, almost more than almost a third of the traffic in Kuwait, whatever arrangements that the government or airport operators have in the region is commensurate with the contribution of the airline to domestic growth and to airport traffic numbers. I think there's a significant benefit that many countries have shown in terms of what airlines are doing to economic growth, job growth, and bringing in tourism. And in Jazeera, we're embarking exactly on that. We have grown market capacity to a level that today, we are bringing in tourists, we're bringing in families, and at the same time, we are bringing the Kuwait market to direct connectivity to almost 70 destinations in our network. So, with that, I think the arrangements are fair and I think they will continue. Thank you.

**Mirna:** Thank you. We'll take the next question from ----- --. Please unmute yourself.

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Bara, I have a question for you. I'd be interested to hear in more detail your strategy on ancillary fees, which have grown handsomely. Last year, you mentioned your strategy to increase these fees further. And if you could give us more specifics on this, is that raising prices on existing products and services? Which products and services are these? If you could just give us a bit more color on this strategy, for it to be a bit more tangible for us, and really just understanding if there's new offerings, if there's price increases on existing offerings? Thank you.

**Barathan:** Thank you for the great question. And if you look at it from ancillary share on total ticket price, we'll see that carriers across the globe have varying percentages. In the far east, in Australia, you may see 25% to 30%. In Europe, you may see Ryanair

and the likes of easyJet go up to 40%. Now, if you look at Jazeera numbers of what we've been doing historically on our average yield, you'll see that we've been hovering between 8% to 10%, good numbers, but they can be better. So what are we doing? There are a couple of low lying fruits, without even expanding our costs. Today, a customer will be able to purchase a ticket. We don't sell it dynamically. We are upgrading our systems and softwares to be able to sell that in different markets, in different channels. When I say channels, there's direct channels, there's OTA channels, there is the trade channel, there's other channels, we are selling them at different price points in different channels. We are also then, in terms of having a single dimensional view on having one price throughout the year, seasonality also plays a part. We have differentiated our pricing to season---ty. I'm only speaking, but price point.

Now, at a product level, we have not touched the surfaces on the extensive range of offering we can provide our customers as an ancillary attachment, be a group traveling from the CIS to Kuwait and to Saudi, or be it individual customers from a leisure point, from Kuwait to the leisure markets. Customers today, with the way we are set up, purchase mainly a ticket. We are now encouraging them to purchase attachments to the ticket that includes bags, that includes preferential seats. If you book a seat today on an airline prior to flying 72 minus 72, minus 48, you'll find the airlines offering you products to say that you would do like preferential seating before I go to the airport. We've seen some amazing success with this, because customers would like to sit either in the front of the aircraft or at the windows or in the aisles, but not in the middle seats. So, we're giving the choice in the customer's hands, also with products like in flight offerings F&B with catering better product, SKUs or catering backs. So, we are expanding that, and we are also expanding that to include a bundle very soon, once we are able to deploy the right technology, it will offer bundle offerings to customers in terms of having optionality's and even doing GV2, GV4, buying it for two customers, also buying it for families. The fact that we have a terminal attached to the business, that gives us the added dimension of controlling the entire customer journey from ticket to tarmac, from the point the customer buys the ticket to the terminal experience, you heard Krishnan speaking about the expansion of the business launch in the terminal, we will be selling different, unique selling points of products and merchandise across the entire customer journey to customers. This is just the start. What you've seen in 2024 is the initial fruits of some basic experiments we have done. We'll be embarking on that further in 2025 and from

Q1 onwards, we will be sharing more details on how we are embarking on the journey. Thank you.

**Mirna:** Thank you. I think for the sake of time, we'll take the last question from ----- on Jazeera network, did you gain market share due to the exit of some airlines, or was it overall volume growth to these destinations? And if you can comment on Q1 meals, and whether you're seeing GCC carriers reducing their seat capacity?

**Barathan:** On market share, market share has been driven by a quest for RASK. If you've seen what we've done, we've done a few things. Where we see the right demand in the network in certain destination, we have built huge frequencies in summer. You will be able to see in some of the summer destinations, we operated four frequencies a day into trap zone. I'll give you an example. Now. What we have also done, we have been actually building market seat share from a very early point of the curve. If you look at it, last year, our main summer campaigns were some sometime in April and May. This year, Jazeera has actually launched it in January, and we'll be building the momentum in February towards summer. So, the load factors have grown as a function of driving seat growth very early in the curve with low fast and then building the yields at the end and building frequencies. That's how we built market share in routes.

And on the second question?

**Mirna:** The second question was on Q1 yields and whether you're seeing GCC airlines limiting their capacity into Kuwait.

**Barathan:** As I shared, it's still early innings into the season. We have just crossed over January. What we can say is that we maintain the positive outlook we've seen in Q4 into Q1. We are not in a position to comment on actual yield growth of the full month of Q1, bearing in mind you have Ramadan in the month of March, but we do quite a fair bit of Umrah flying during Ramadan as well. So, our outlook on Q1 for the moment, just like we've seen given you the outlook for the full year, is positive. That applies both on yields and cost.

**Mirna:** Thank you. We've reached the one-hour mark. So, I'll pass it over to you if you have any concluding remarks.

**Barathan:** Thank you, Mirna, and thank you. And we appreciate everyone participating in Jazeera's Q424 and full year 2024 results presentation today. We understand your busy schedules, and we appreciate the questions you've asked. Given the positive outlook in 2025, we look forward to speaking to you more on the transformation journey that we'll be embarking on in the pursuing quarters, as well as a transformation that you will see in Jazeera. With that, I'd like to thank you. I'd like to thank Krishnan, Mirna, and everyone on this call today. Thank you very much.

**Mirna:** Thank you. Thank you, everyone, for joining and thank you Jazeera's management for your time. This concludes today's call.