

KENYA AIRWAYS PLC

SUMMARY UNAUDITED GROUP RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	30 June 2022 KShs M	30 June 2021 KShs M
Total income	48,104	27,354
Total operating costs	(53,113)	(34,628)
Operating loss	5,009	(7,274)
Other costs	(4,960)	(4,320)
Interest income	107	52
Loss before income tax	(9,861)	(11,542)
Income tax (expense)/credit	(24)	56
Loss for the period	(9,885)	(11,486)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
(Loss)/Gain on hedged exchange differences-Borrowings	(3,166)	1,214
(Loss)/Gain on hedged exchange differences-Lease liabilities	(1,928)	592
	(5,094)	1,806
Total comprehensive loss for the period	(14,979)	(9,680)
Loss for the period is attributable to:		
Owners of the company	(9,891)	(11,495)
Non-controlling interest	6	9
	(9,885)	(11,486)
Total comprehensive loss is attributable to:		
Owners of the company	(14,985)	(9,689)
Non-controlling interest	6	9
Total comprehensive loss for the period	(14,979)	(9,680)
Basic loss per share(Kshs)	(1.70)	(1.97)

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital KShs M	Share premium KShs M	Mandatory Convertible Note KShs M	Treasury Shares KShs M	Other reserves KShs M	Reserves KShs M	Non controlling Interest KShs M	Total Equity KShs M
As at 1 January 2021	5,824	49,223	9,630	(142)	(12,307)	(116,451)	58	(64,165)
Loss for the year	-	-	-	-	-	(15,882)	4	(15,878)
Other comprehensive loss for the year	-	-	-	-	(3,294)	-	-	(3,294)
At 31 December 2021	5,824	49,223	9,630	(142)	(15,601)	(132,333)	62	(83,337)
As at 1 January 2022	5,824	49,223	9,630	(142)	(15,601)	(132,333)	62	(83,337)
Loss for the period	-	-	-	-	-	(9,891)	6	(9,885)
Other comprehensive loss for the period	-	-	-	-	(5,094)	-	-	(5,094)
At 30 June 2022	5,824	49,223	9,630	(142)	(20,695)	(142,224)	68	(98,316)

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2022 KShs M	31 December 2021 KShs M
Assets		
Non-current assets	129,222	129,870
Current assets	34,688	25,685
TOTAL ASSETS	163,911	155,555
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	5,824	5,824
Share premium	49,224	49,223
Mandatory convertible note	9,630	9,630
Treasury shares	(142)	(142)
Reserves	(162,920)	(147,934)
Equity attributable to owners	(98,384)	(83,399)
Non-controlling interest	68	62
TOTAL EQUITY	(98,316)	(83,337)
Liabilities		
Non - current liabilities	160,765	157,927
Current liabilities	101,462	80,965
TOTAL LIABILITIES	262,227	238,892
TOTAL EQUITY AND LIABILITIES	163,911	155,555

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOW

	30 June 2022 KShs M	30 June 2021 KShs M
Cash flows from operating activities		
Cash generated from operations	7,313	1,584
Interest received	107	52
Interest paid	(1,949)	(1,544)
Income tax paid	(27)	(30)
Net cash flows generated from operating activities	5,444	61
Cash flows from investing activities		
Purchase of Property and equipment and intangible assets	(1,814)	(1,327)
Proceeds from disposal of property and equipment	4	11
Aircraft deposits paid	(5,702)	(13)
Aircraft deposits received	-	5
Net cash flows used in investing activities	(7,512)	(1,324)
Cash flows from financing activities		
Borrowings received	11,398	4,000
Repayments of borrowings	(573)	(1,483)
Lease payments	(4,965)	(5,738)
Commitment and commission fees paid	(15)	(35)
Net cash flows generated/(used) in financing activities	5,845	(3,256)
Increase/(Decrease) in cash and cash equivalents	3,777	(4,519)
Cash and cash equivalents at beginning of the period	6,095	7,728
Cash and cash equivalents at end of the period	9,872	3,209

The summarised consolidated financial statements of Kenya Airways Plc have been prepared as per the requirements of the Capital Markets (Securities) (Public Offers, Listings and Disclosures) Regulation, 2002 ("the Regulations") as applicable to summary financial statements.

COMMENTARY

On behalf of the Board of Directors, I hereby present the Kenya Airways PLC financial results for the six months ended 30 June 2022.

The recovery in international air travel is well and truly underway although some regions are trailing including Africa and Asia-Pacific. Global passenger capacity has been rising steadily after some seasonal shocks at the end of 2021. According to IATA, strong pent-up demand, lifting travel restrictions in most markets, low unemployment in most countries, and expanded personal savings are fuelling a resurgence in demand that will see passenger numbers reach 83% of pre-pandemic levels in 2022. Despite economic challenges, cargo volumes are expected to continue growing in 2022.

Africa's passenger traffic prospects are somewhat weaker in the near-term, due to slow progress in vaccinating the population, and the impact of the crisis on developing economies.

Despite the fact that aviation is still suffering from the effects of the COVID-19 pandemic, the Group has reduced the Operating Loss for the period from Kshs 7.3B in 2021 to Kshs 5B representing a 31.5% reduction. The results were further affected by the high price of aviation fuel which is over 65% more than the same period last year. If we adjusted for the fuel price spike the operating profit for the period would have been Kshs 1.5B.

We have also experienced congestion in various airport facilities particularly in Europe. These constraints have led to airport authorities placing restrictions on some of our flights thus depressing revenue further and increasing some operational costs.

Capacity Deployment:

Capacity deployed measured in Available Seat Kilometres (ASKs) increased by 85%, closing in at 4,412 million compared to 2,378 million reported for the same period in 2021. In 2019, ASKs for the same period stood at 8,002 million meaning that our current deployment is only 55% of pre COVID levels. The airline achieved a cabin factor of 68.4% compared to 57.8% in the previous period and 75% in 2019.

Revenues:

The Group's total revenue during the period stood at KShs 48,104 million an increase of 76% compared to the same period last year. This increase is mainly attributable to a significant increase in the passenger (109%) and cargo (18%) revenue streams, which increase is attributed to the resumption of operations across our network as borders re-open.

A total of 1.61 million passengers were uplifted during the period, an improvement of 85% compared to the same period last year where 0.87m passengers were uplifted. This, however, remains lower than the pre-pandemic period of 2019 by 33%. Cargo tonnage increased by 39% compared to the same period in 2021.

Costs:

The Group saw an increase of 53% in total operating costs. This is mainly driven by the increase in fuel prices and major currency fluctuations witnessed this year, in addition to increased operations for the period. Jet fuel and crude oil prices rose markedly in Q1 2022, putting pressure on already strained airline finances. The elevated jet fuel price adds to the airline's operating costs.

Overall Performance:

Based on the above revenue and cost dynamics, the Group recorded an Operating Loss of Kshs 5,009 million, representing a 10.4% operating loss margin, compared to prior year's operating loss of Kshs 7,274 million, representing 26.6% operating loss margin.

Group 2022 focus:

The opening of borders around the world has led to quick rebounds in some key markets. Kenya Airways remains active in accommodating the travel recovery seen in the first half of 2022. We continue to focus on the restructuring process that started at the end of last year. Through this restructure we aim at structurally reducing our overall costs of operation and optimising our network. Improving our customers' experience continues to be top of our priorities.

Outlook:

In Africa, lower vaccination rates have dampened the region's air travel recovery. However, some catching up is likely this year, contributing to improved financial performance. Net losses are forecast to be \$0.7 billion in 2022 for African Airlines. Demand (RPKs) is expected to reach 72.0% of pre-crisis (2019) levels and capacity 75.2%.

Kenya Airways is committed to an efficient network and improved service quality and delivery. On behalf of the Board of Directors, I would like to thank our customers for their trust and patience. I would also like to express my appreciation towards our employees for their commitment, even in difficult situations. I take this opportunity to express my sincere appreciation to the Government of Kenya, shareholders, financiers, lessors, suppliers and other stakeholders for their continued support.


Michael Joseph
Chairman
23rd August 2022