



On The Right Flight Path

HALF YEAR 2019 FINANCIAL RESULTS



The Agenda



- Welcome
- Aviation In The World and Africa
- KQ Turnaround Strategy
- 2019 Key Highlights
- KQ Financial Results Half Year 2019
- Future Outlook

Aviation In The World and Africa



The Aviation Market Is Going Through Challenging Times

31

No. of Airlines that globally ceased operations in 2018 and 2019 mainly as a result of financial distress



India



Germany



Britain



Iceland

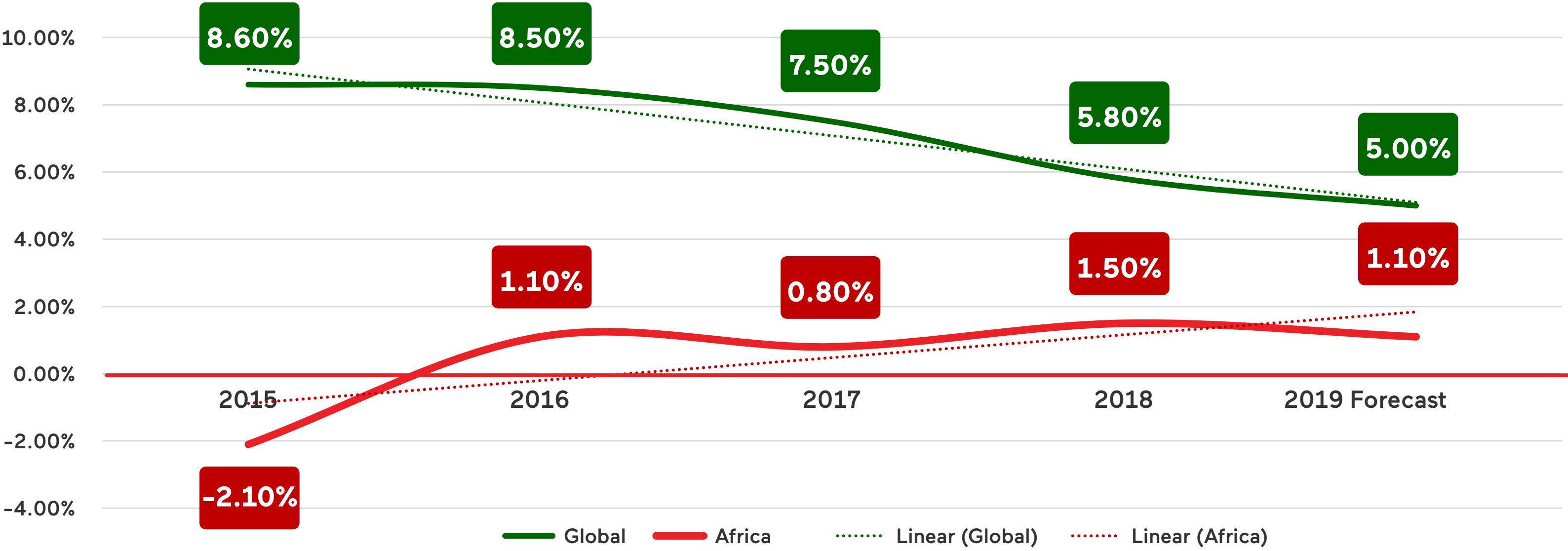


Poland



Brazil

The African market is growing, however it is still far below global benchmarks



To benefit from the growth in Africa, KQ must continue to fight for a share of this market by pursuing a growth strategy.

Key Highlights: KQ Turnaround Efforts

2019 Key Highlights: We continue to pursue our Growth Strategy



New York



Mogadishu



Libreville



Geneva



Rome



Malindi



Boeing 787 brought back
from Oman Air



Jambojet
IOSA Certification

2019 Key Highlights: Additional Frequencies



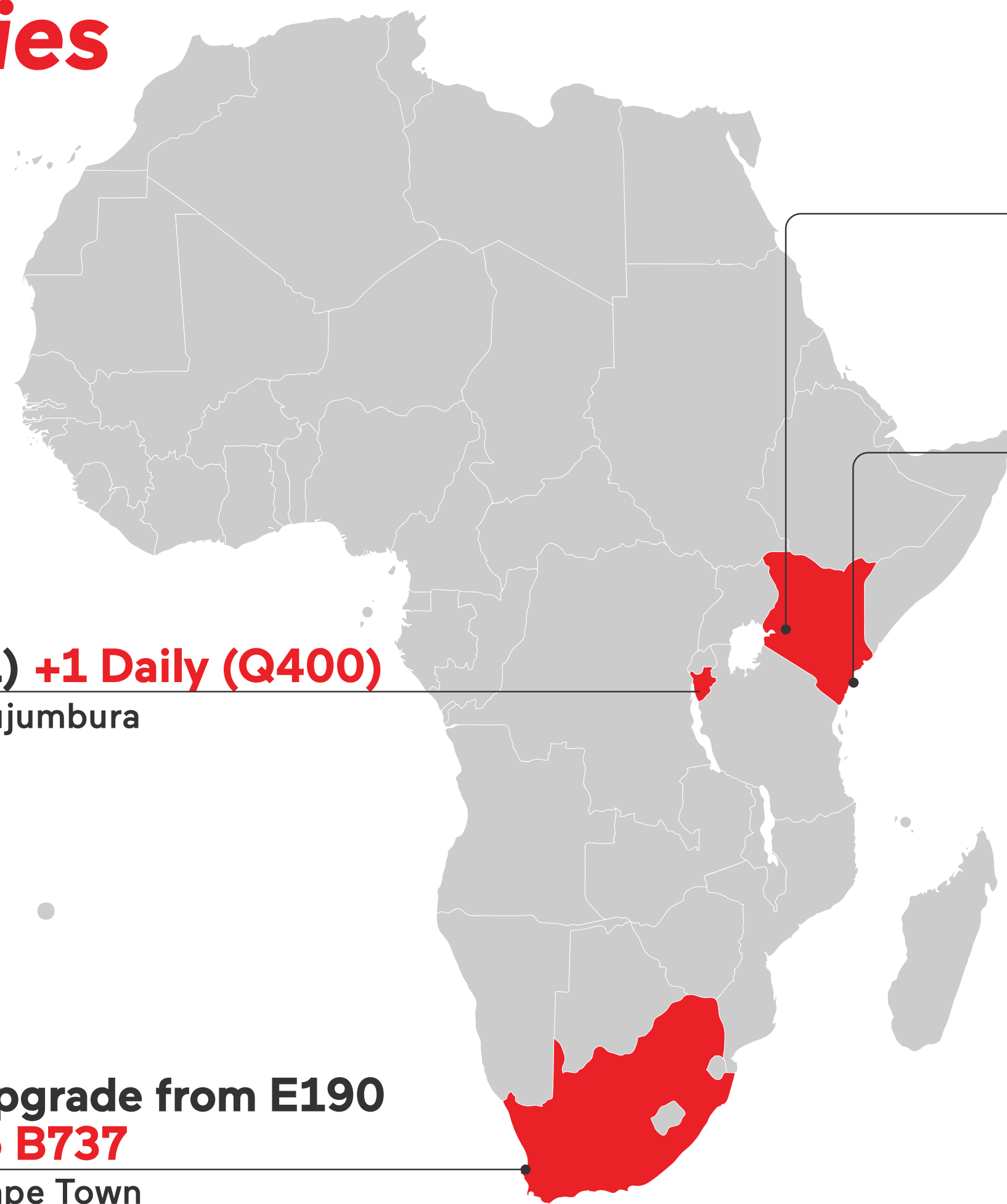
(5) +2 Weekly*
New York*



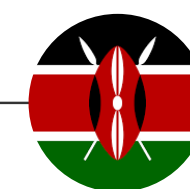
(1) +1 Daily (Q400)
Bujumbura



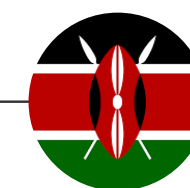
**Upgrade from E190
to B737**
Cape Town



(3) +1 Daily
Kisumu



(10) +2 Daily*
Mombasa



(5) +2 Weekly
Seychelles



(5) +2 Weekly
Mauritius



2019 Key Highlights: We continue to pursue our Growth Strategy



Passenger Nos
+150,000
+6%

ASK Growth
+17%

Revenues
+6B
+12.2%

Ancillary & Others
Revenue
+34%

Block Hours
+9%

2019 Key Highlights: Our People

Staff Absorption

363 Contract staff
now in KQ

Staff Welfare

Improved Medical Coverage
& Creche Facilities



Reorganisation

Technical & Operations

Leadership



H1 2019 Financial Results



The New Financial Reporting Standard: IFRS16

Principle: Operating leases are now recognised as assets in financial statements. Provides comparability between companies that lease assets and those that buy

IAS 17

- Leases are off balance sheet
- Payments are expensed

IFRS 16

- Leases are on balance sheet
- Assets are amortised
- Liability is reduced when payment is done
- Interest rates introduced on the lease liability

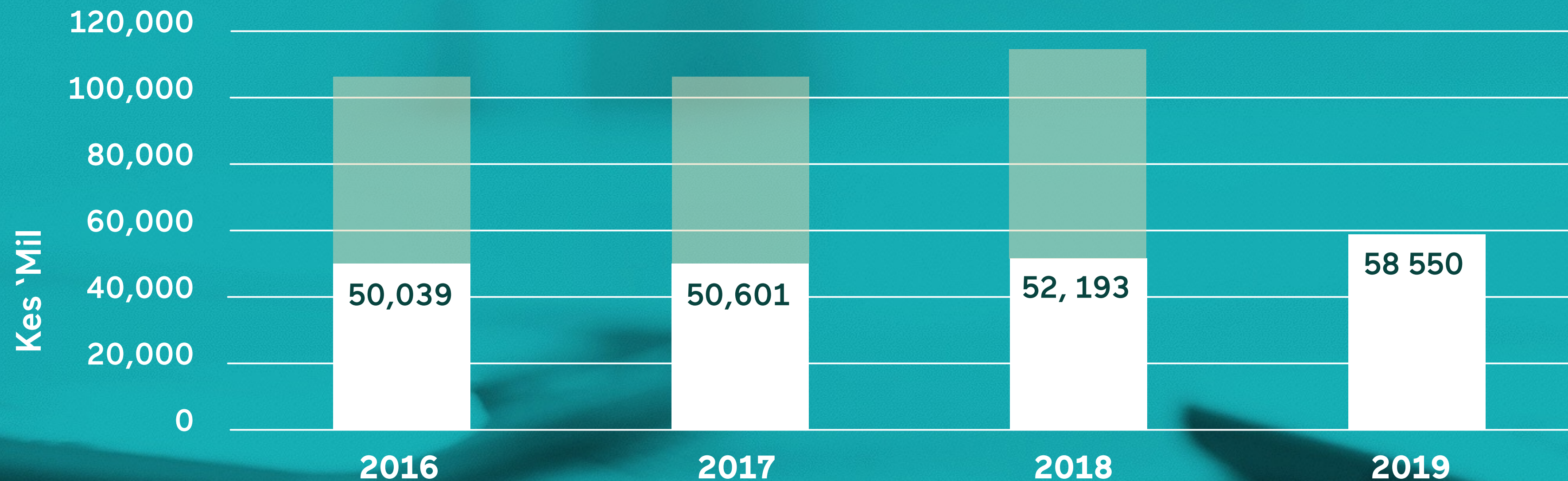
IMPACT

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Results: Total Revenues Improved

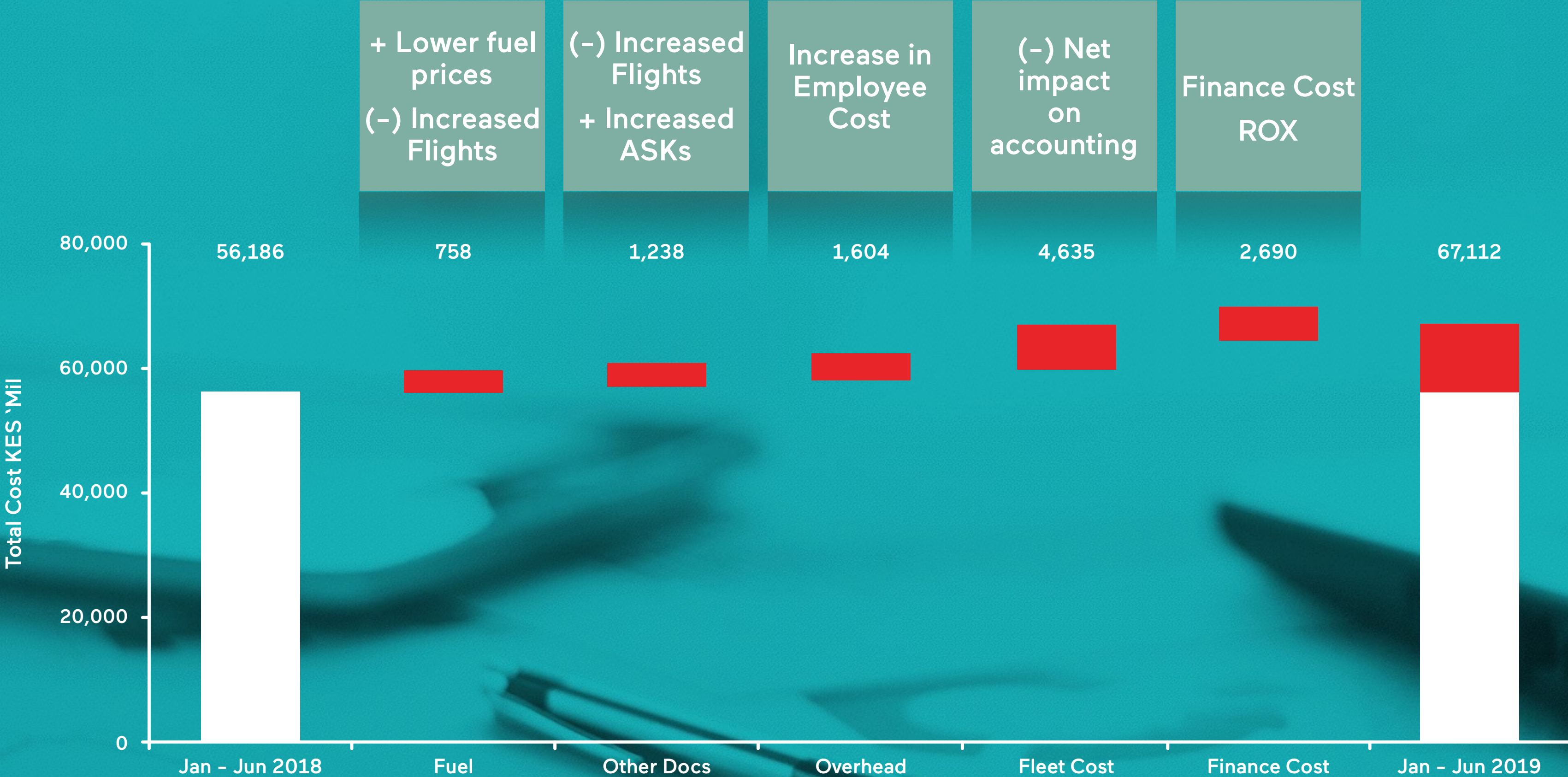


The Trend: Revenues Have Gradually Improved...

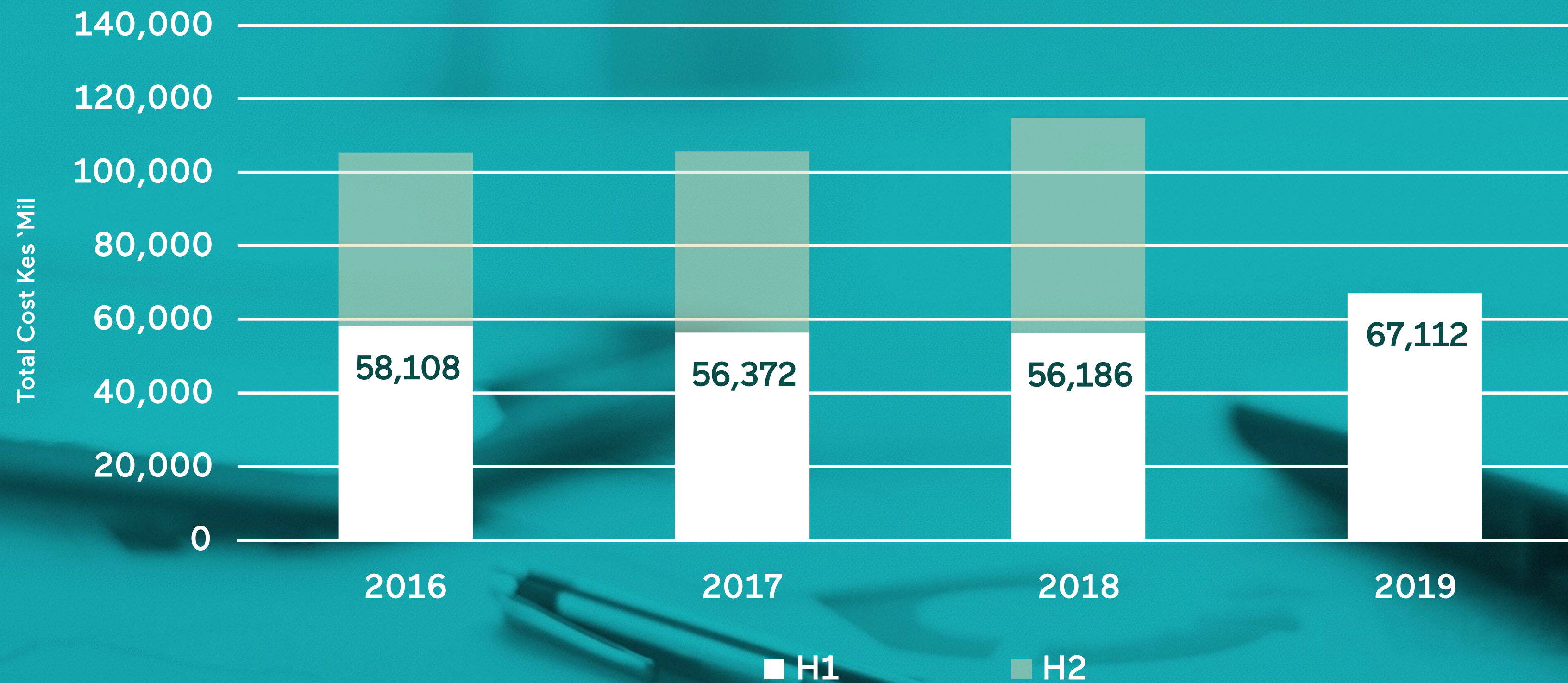


1. Investment in New Routes
2. Increased Frequencies
3. Improved Cargo Performance
4. Ancillary Services

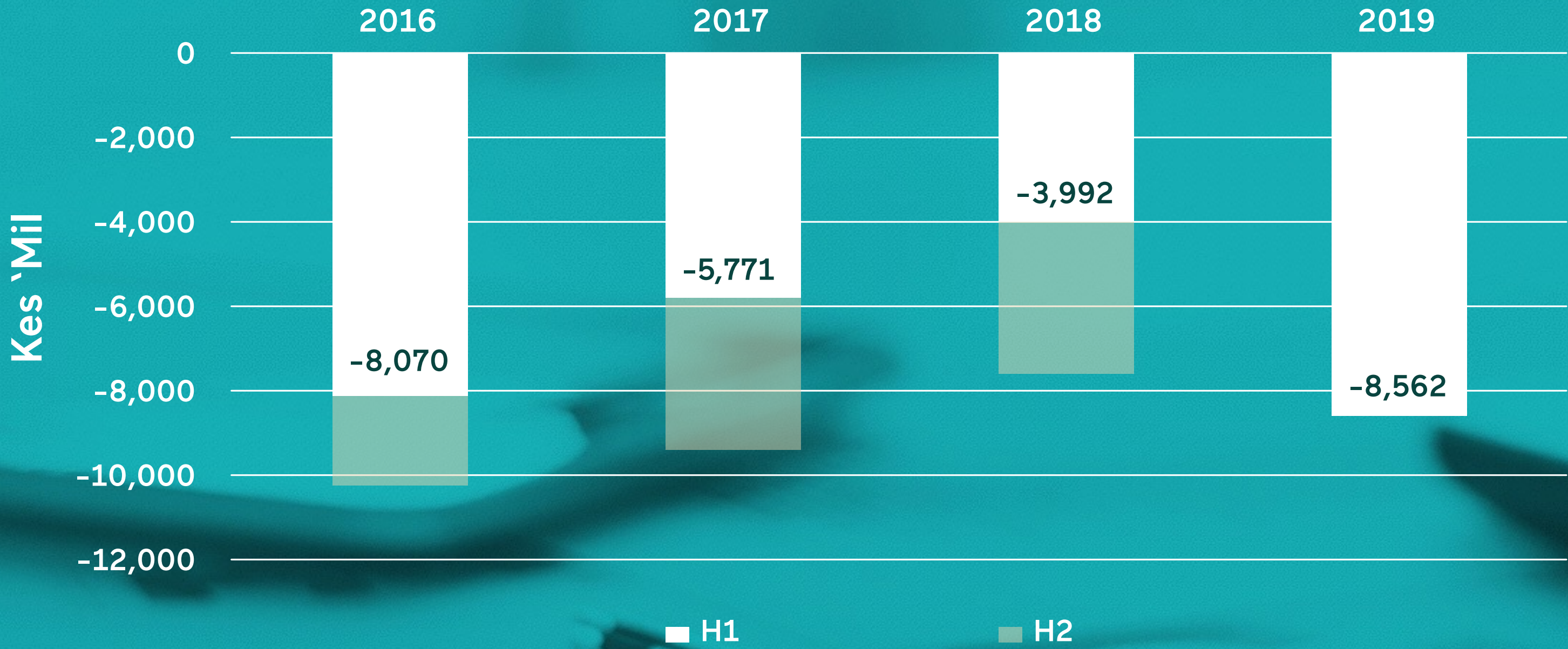
Costs Have Increased



Costs: Trend Perspective

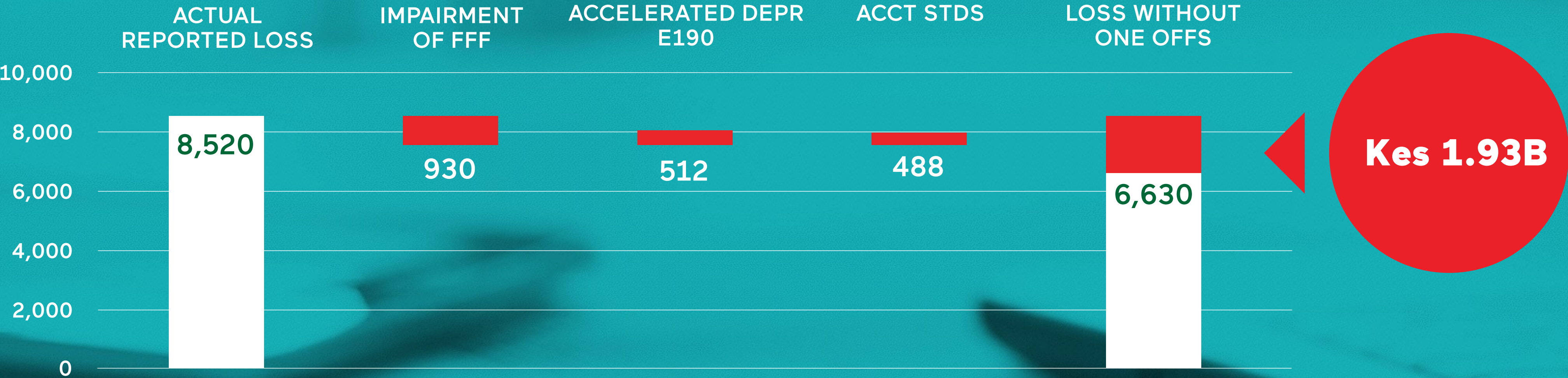


Half Year Loss Before Tax: Official Results



- 1. Increased Costs from New Routes & Frequencies
- 2. Return of B787 into KQ Service & Lease Costs
- 3. Impact on Accounting

Impact Of One Off Items On Loss



Summary Consolidated Income Statement

	As at June 2019 Kes Mil.	As at June 2018 Kes Mil.
Total Revenue	58,550	52,193
Total Operating Costs	61,454	53,218
Operating Loss	(2,904)	(1,025)
Operating Margin %	(5.0)	(2.0)
Total Financial Items	5,278	2,968
Realized losses/gains on fuel derivatives	380	0
Loss bef. Tax	(8,562)	(3,992)
Taxation	1	43
Net Loss After Tax	(8,563)	(4,035)
Net Margin %	(14.6)	(7.7)

We Continue with efforts to Turnaround



Fly More

Rome-Geneva
Malindi
Increased
Frequencies



Revenue Growth/Cost Containment

Improved
Productivity
MRO



Jambojet

Q400
Regional
Expansion



Project Simba

Kenya
Aviation
Policy

Questions

