

**KENYA AIRWAYS PLC**  
**SUMMARY UNAUDITED GROUP RESULTS**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

**SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	30 June 2020	30 June 2019
	KShs M	KShs M
Total income	30,214	58,550
Total operating costs	(38,631)	(61,454)
<b>Operating loss</b>	<b>(8,417)</b>	<b>(2,904)</b>
Other costs	(5,975)	(5,684)
Interest income	37	26
<b>Loss before income tax</b>	<b>(14,355)</b>	<b>(8,562)</b>
Income tax credit/(expense)	29	(1)
<b>Loss for the period</b>	<b>(14,326)</b>	<b>(8,563)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Loss on hedged exchange differences-borrowings	(3,238)	81
Loss on hedged exchange differences-lease liabilities	(3,453)	-
Changes in fair values relating to fuel hedges	-	423
	(6,691)	504
<b>Total comprehensive loss for the period</b>	<b>(21,017)</b>	<b>(8,059)</b>
<b>Loss for the period is attributable to:</b>		
Owners of the company	(14,329)	(8,565)
Non-controlling interest	3	2
	(14,326)	(8,563)
<b>Total comprehensive loss is attributable to:</b>		
Owners of the company	(21,020)	(8,061)
Non-controlling interest	3	2
<b>Total comprehensive loss for the period</b>	<b>(21,017)</b>	<b>(8,059)</b>
Basic loss per share(Kshs)	(2.46)	(1.47)

**SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	30 June 2020	31 December
	KShs M	2019 KShs M
<b>Assets</b>		
Non-current assets	160,682	170,013
Current assets	19,287	25,660
<b>TOTAL ASSETS</b>	<b>179,969</b>	<b>195,673</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	5,824	5,824
Share premium	49,223	49,223
Mandatory convertible note	9,630	9,630
Treasury shares	(142)	(142)
Reserves	(103,501)	(82,481)
Equity attributable to owners	<b>(38,966)</b>	<b>(17,946)</b>
Non-controlling interest	53	50
<b>TOTAL EQUITY</b>	<b>(38,913)</b>	<b>(17,896)</b>
<b>Liabilities</b>		
Non - current liabilities	159,729	145,754
Current liabilities	59,153	67,815
	<b>218,882</b>	<b>213,569</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,969</b>	<b>195,673</b>

**SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium	Mandatory Convertible Note	Treasury Shares	Revaluation surplus	Fuel hedging	Cashflow hedging	Reserves	Non controlling Interest	Total Equity
	KShs M	KShs M	KShs M	KShs M	KShs M	KShs M	KShs M	KShs M	KShs M	KShs M
As at 1 January 2019 - Previously reported	5,824	49,223	9,630	(142)	4,911	(435)	(10,861)	(60,688)	49	(2,489)
Effect of change in Accounting policy for IFRS 16	-	-	-	-	-	-	-	(6,550)	-	(6,550)
As at 1 January 2019 - Restated	5,824	49,223	9,630	(142)	4,911	(435)	(10,861)	(67,238)	49	(9,039)
Total comprehensive loss for the year	-	-	-	-	1,728	435	1,965	(12,986)	1	(8,857)
At 31 December 2019	5,824	49,223	9,630	(142)	6,639	-	(8,896)	(80,224)	50	(17,896)
As at 1 January 2020	5,824	49,223	9,630	(142)	6,639	-	(8,896)	(80,224)	50	(17,896)
Total comprehensive loss for the period	-	-	-	-	-	-	(6,691)	(14,329)	3	(21,017)
At 30 June 2020	5,824	49,223	9,630	(142)	6,639	-	(15,587)	(94,553)	53	(38,913)

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2020	30 June 2019
	KShs'M	KShs'M
<b>Cashflows from operating activities</b>		
Cash generated from operations	5,109	8,694
Interest received	37	26
Interest paid	(1,903)	(2,472)
Income tax paid	(18)	(37)
<b>Net cash generated from operating activities</b>	<b>3,225</b>	<b>6,211</b>
<b>Cash flows from investing activities</b>		
Purchase of Property and equipment and intangible assets	(532)	(471)
Proceeds from disposal of property and equipment	7	9
Aircraft deposits	(109)	(912)
Aircraft deposits refunds received	20	324
<b>Net cash used in investing activities</b>	<b>(614)</b>	<b>(1,050)</b>
<b>Cash flows from financing activities</b>		
Lease payments	(6,336)	(4,284)
Borrowings received	5,000	-
Repayments of borrowings	(3,069)	(3,074)
Commitment and commission fees paid	(29)	(5)
<b>Net cash used in financing activities</b>	<b>(4,434)</b>	<b>(7,363)</b>
<b>(Decrease) in cash and cash equivalents</b>	<b>(1,823)</b>	<b>(2,202)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,095</b>	<b>6,431</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,272</b>	<b>4,229</b>

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.

The summarised financial statements are not a substitute to reading the full set of financial statements available on the company website.

## **COMMENTARY**

On behalf of the board of Directors, I hereby present the Kenya Airways PLC financial results for the six months period ended 30 June 2020.

During the first half of 2020, operations were severely impacted by the Covid-19 crisis resulting in depressed half year results. The network activity from April to June was minimal due to travel restrictions and lock downs effectively reducing operations to almost nil in connecting our home market to key cities. Measures were put in place to preserve cash including cost savings measures and reduced activity for employees.

### **Revenues:**

The Group's total revenue during the period reduced by 48% to Kshs. 30,214 million. The reduction is due to the cessation of scheduled operations from the second quarter of 2020. During the period, the airline operated a few charter flights and continued with cargo operations.

The Airline recorded a 55.5% reduction in passenger numbers to hit a low of 1.1 million passengers during the period compared to 2.4 million passengers over the same period last year. Passenger revenue declined by 53% to Kshs. 20,230 million. Capacity deployed in Available Seat Kilometres (ASKs) declined by 53.5%. The Cabin factor registered a decline of 6.7 points to 68%.

### **Costs:**

The Group saw a decline of 37% in total operating costs, mainly driven by the reduced operations for the year. Of the total operating costs, direct operating costs declined by 48.8% whereas fixed costs declined by 12.6%. Based on the above revenue and cost dynamics, the Group recorded an Operating Loss Margin of 27.8% representing 22.9 points below the same period last year.

### **Company 2020 focus:**

During the period, the company's main focus was and still is cash conservation, to this end Management undertook a number of initiatives. These initiatives included moratorium on loans, deferment of lease rentals, payment plans with suppliers and partial deferment of staff salaries. The company has also exploited opportunities of raising much needed revenue through cargo charters and passenger repatriation flights.

Faced with long recovery prospects, diminishing revenue occasioned by reduced demand in passenger business and increased costs due to tighter health and safety measures, the business focus for the rest of 2020 will be ensuring the survival and rebound the company.

### **Outlook:**

Notwithstanding the current Covid-19 Pandemic, Kenya Airways asserts its commitment to an efficient network, improvement of service quality and delivery. The 2020 results will be significantly negatively impacted because of the projected suppressed air travel demand. We project the demand to remain at less than 50% of 2019 for the rest of the year. We have

introduced stringent sanitary measures on board our aircraft and at every customer touch point to reduce the risk of transmission.

On behalf of the Board of Directors, I take this opportunity to express my sincere appreciation to our customers, the Government of Kenya, shareholders, financiers, lessors, management, staff, suppliers and other stakeholders for their continued support.

A handwritten signature in black ink, consisting of a series of connected loops and a long horizontal stroke at the end.

**Michael Joseph**  
**Chairman**

**27<sup>th</sup> August 2020**