

Kenya Airways PLC

Half Year 2024 Investor Briefing

Milestones Achieved





Agenda

Introduction of the session

Industry overview

Business updates

Financial Highlights

Future outlook

Q&A

Opening Remarks

Mr. Michael Joseph
Chairman



Industry Overview

Mr. Allan Kilavuka
Group MD & CEO



Aviation Performance - Global & Africa



Passenger Load Factor

82.5%



Cargo Capacity Available Tonne Km

6%



Increase in Available Seat Kms in 2024

11.2%



June Y-o-Y
RPK-9.1%
ASK-8.5%

June Y-T-D
RPK-13.4%
ASK-11.8%



Passenger load factor

77%



Seat Capacity

12.6%



Cargo Capacity Available Tonne Km

2%



June Y-o-Y
RPK-16.2%
ASK-5.8%

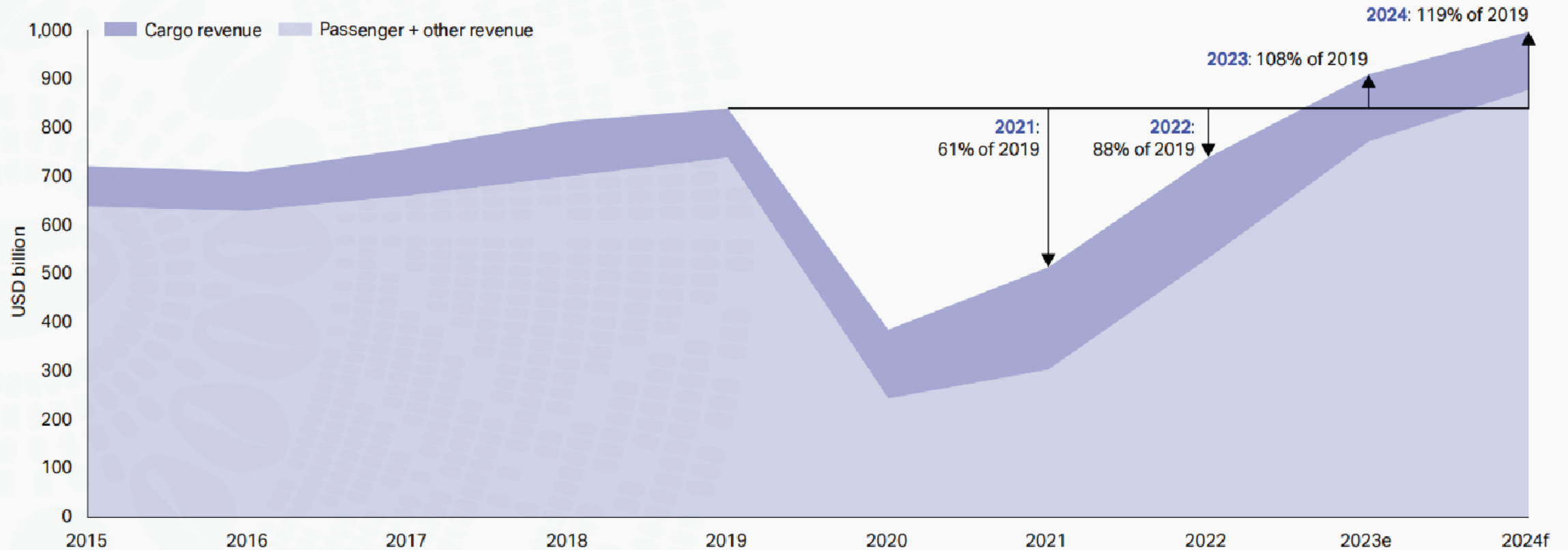
June Y-T-D
RPK-15.9%
ASK-13.4%



Increase in Regulations that are Unfavourable to Aviation Industry (higher taxation)

Passenger and Cargo Revenue forecast

Chart 22: Passenger and cargo revenue, USD billion

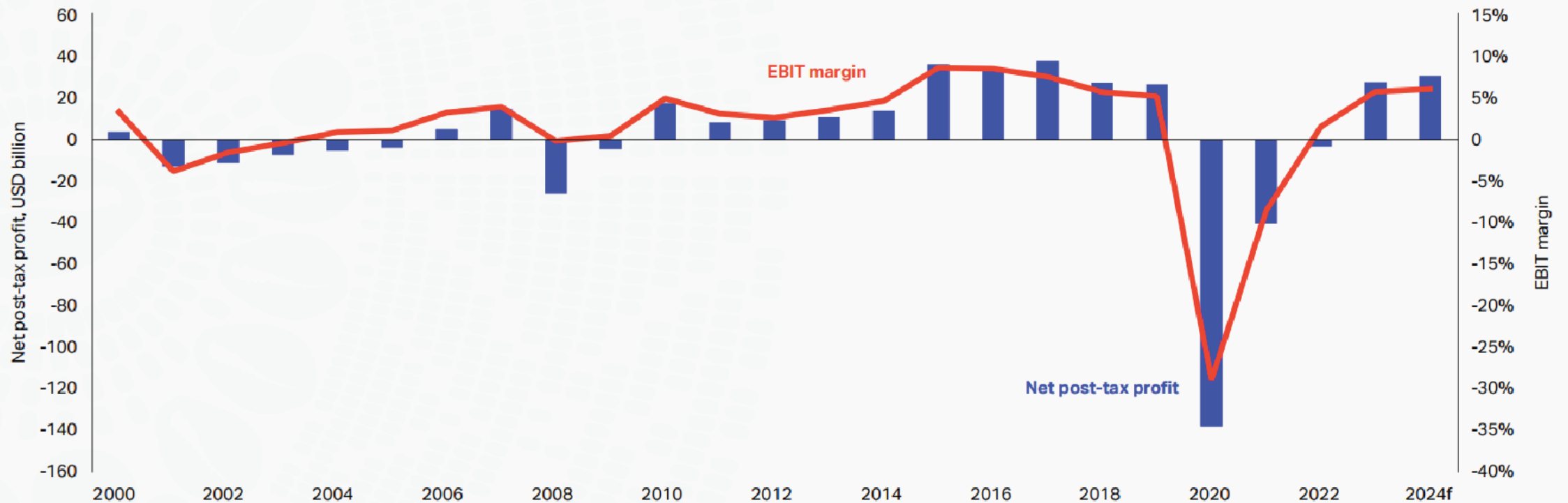


Source: IATA Sustainability and Economics

Global Airline Industry Profitability



Chart 21: Global airline net post-tax profit and EBIT margin, %



Sources: IATA Sustainability and Economics, IATA Monthly Statistics.

Factors Affecting Aviation Prospects



- **Economic Pressures:** High crude oil prices, strong USD, persistent inflation, and higher interest rates.
- **Global Voting Impact:** Elections in 70 countries (4.2 billion voters), influencing global economic activity.
- **Policy Volatility:** Uncertainty from political transitions.
- **Post-COVID Recovery:** Return to Industry profitability as traffic matches 2019 levels.

Critical Contextual Issues: Some Positive Outlook



- **Traffic Recovery:** RPKs have returned to 2019 levels; 11.6% growth in RPKs and 0.4% increase in global passengers expected.
- **Regional Insights:** Africa is projected to see a contraction in passenger numbers, despite a strong 2023.
- **Air Cargo:** 5% growth anticipated, but faces trade policy restrictions and manufacturing trends.
- **Revenue Growth:** Industry revenue to increase by 10%, nearing USD 1 trillion.
- **Profitability:** Net profits projected at USD 30.5 billion, with a 3.1% net profit margin and 6.0% operating margin.
- **Profit Margins:** Slim margins make profitability vulnerable to rising costs and climate challenges.
- **City Pairs:** Unique city pairs expected to grow by 5% YoY, surpassing 22,000.

Business Updates

Network Updates

Flight Routes



Mogadishu:
February 15, 2024
3 weekly flights



Eldoret:
March 25, 2024
5 weekly flights



Maputo:
June 19, 2024
3 weekly flights



Code Share Management System:
Enhances customer connectivity and drives revenue growth through new network opportunities.



Aircraft reliability and availability: High Aircraft primary reliability (98.08%) and Aircraft availability (97.37%)



Digital e-Menu: Introduced to reduce paper use onboard.

Partnerships, Sustainability & Innovation



Official airline partner



..... Lagos City Marathon



..... Magical Kenya Open



..... World Rally
Championship (WRC)



MOU with IOM to
combat human
trafficking



Sustainability & Innovation Initiatives



- **Pyro- Diesel plant supporting Ground Service Equipment**



- **Ban on use of Plastics bottles**



- **International Womes Day (IWD) 2024
Corporate Social Investment**



- **Sustainable Amenity Kit:** Transition from plastic to fully biodegradable bamboo kits.



- **Completion of Water Bottling Plant**

HY 24 - Cargo Highlights



New freighter routes

Mogadishu (**MGQ**), Juba (**JUB**), Eldoret (**EDL**), Djibouti (**JIB**), Monrovia (**ROB**), Freetown (**FNA**)



Traffic Growth of 32% from 28,000 tons PY to 37,000 tons CY



+6000 tons Fresh Meat CY vs 3600 tons in PY transported to UAE.
Major Forex Earner for the Kenyan Economy



+2000 tons of Pharma CY vs 1400 tons in PY
Promoting health and wellness in the continent



New Business - Over 300 tons (HEGS) & Live Chicks transported LUN-EBB
KQ steering AfCFTA objectives to boost intra-Africa trade



Over 200 tons of e-commerce to EDL
Providing key logistic solutions between Kenya and the World

Employee Welfare



- **Talent Development:**
Expanded Coaching,
Mentoring and Leadership
Development.



- **Diversity Recruitment:**
Inclusion of persons with
disability.



- **Expansion of employee wellness Programs:**
Enhanced support for both
staff and patients.



- **IATA approved: DGR CBTA (Dangerous Goods Regulations - Competency Based Training and Assessment.)**



- **EASA Approval:** Obtained for
Upset Prevention & Recovery
Training (UPRT) on Simulator.

Awards 2024

Best Airline Staff Service in Africa



Best Cabin Crew in Africa



KQ Nominations 2024

Kenya Airways has been nominated for this year's prestigious World Travel Awards in 5 categories:

- Africa's Leading Airline 2024
- Africa's Leading Airline 2024: Business Class
- Africa's Leading Airline 2024: Economy class
- Africa's Leading Airline Brand 2024
- Africa's Leading Inflight Magazine 2024: Msafiri

World Travel Tech Awards

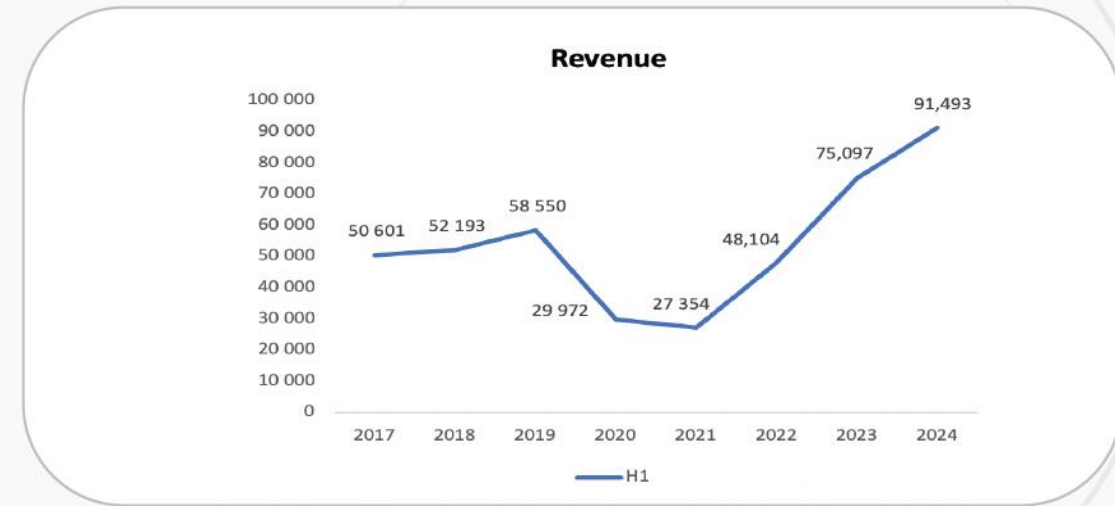
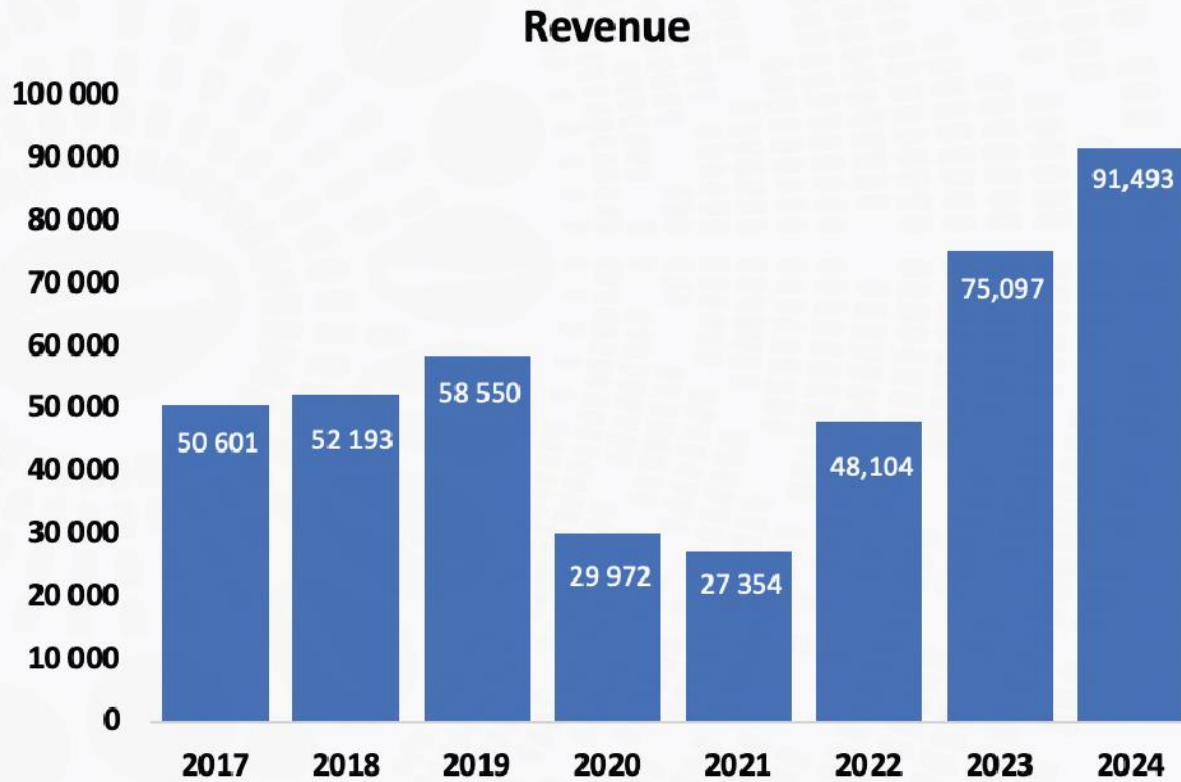
Africa's Best Airline Website 2024

Financial Highlights

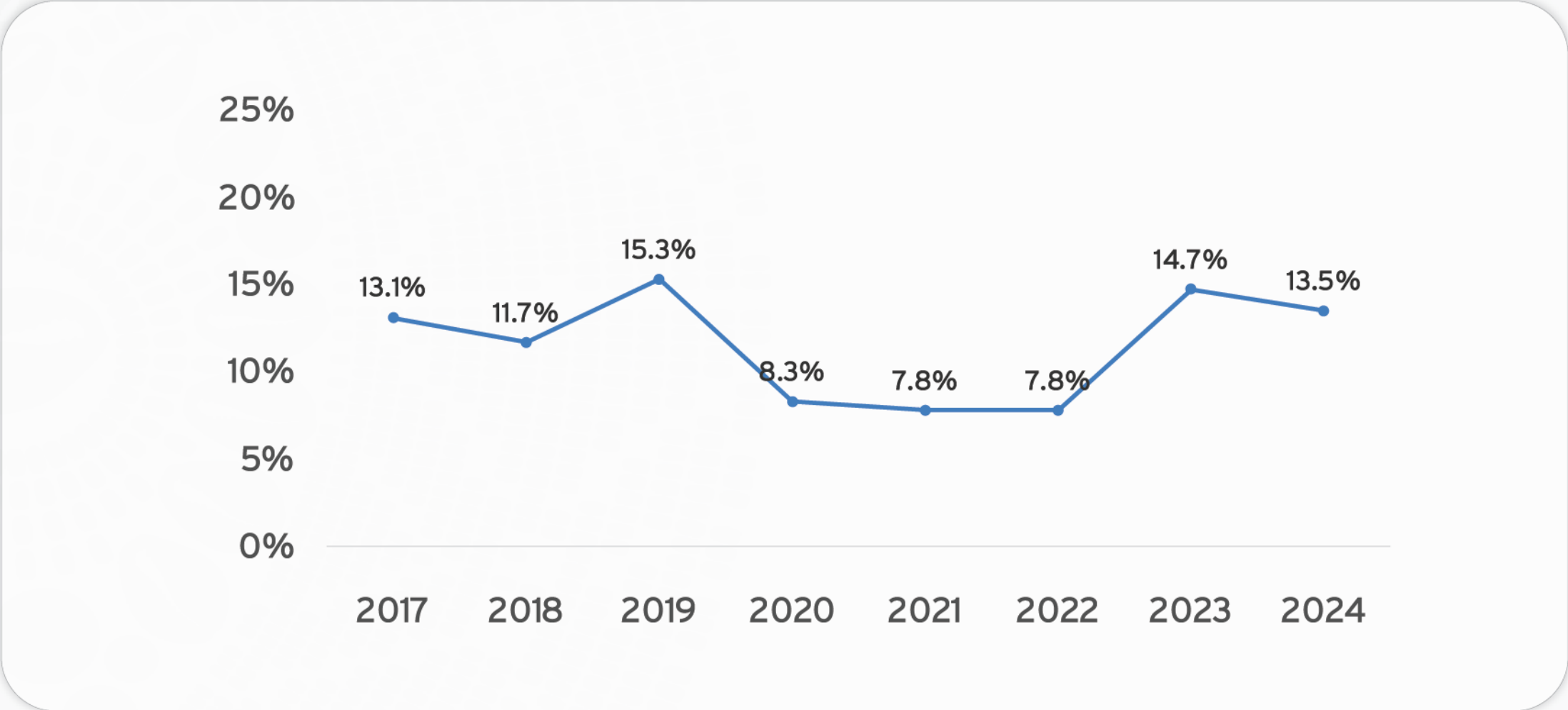
Hellen Mwariri
Chief Finance Officer



Revenue Trend: Half Year 2017-2024 Kshs. Mil



EBITDAR Trend: Half Year 2017 - 2024



Summary of Consolidated Income Statement

	Jun-24 KShs. Mil	Jun-23 KShs. Mil	Delta
Total Income	91,493	75,097	22%
Total Operating Costs	(90,195)	(74,099)	-22%
Operating Profit	1,298	998	30%
Operating Margin %	1.4	1.3	
Other costs	(687)	(22,808)	97%
Interest income	23	114	-79%
Profit/(loss) before income tax	634	(21,696)	103%
Income Tax	(121)	(7)	1721%
Profit/(loss) for the period	513	(21,703)	102%
Net Margin %	0.6	(28.9)	

Summary of Consolidated Statement of Financial Position

	Jun 2024 KShs Mil	Jun 2023 KShs Mil
Assets		
Non-current assets	122,323	124,468
Current assets	51,938	52,145
TOTAL ASSETS	174,261	176,613
EQUITY AND LIABILITIES		
Equity attributable to owners	(123,621)	(136,177)
Non-controlling interest	34	70
TOTAL EQUITY	(123,587)	(136,107)
Liabilities		
Non - current liabilities	170,737	188,270
Current liabilities	127,111	124,450
TOTAL EQUITY AND LIABILITIES	174,261	176,613

Summary of Consolidated statement of Cash flow

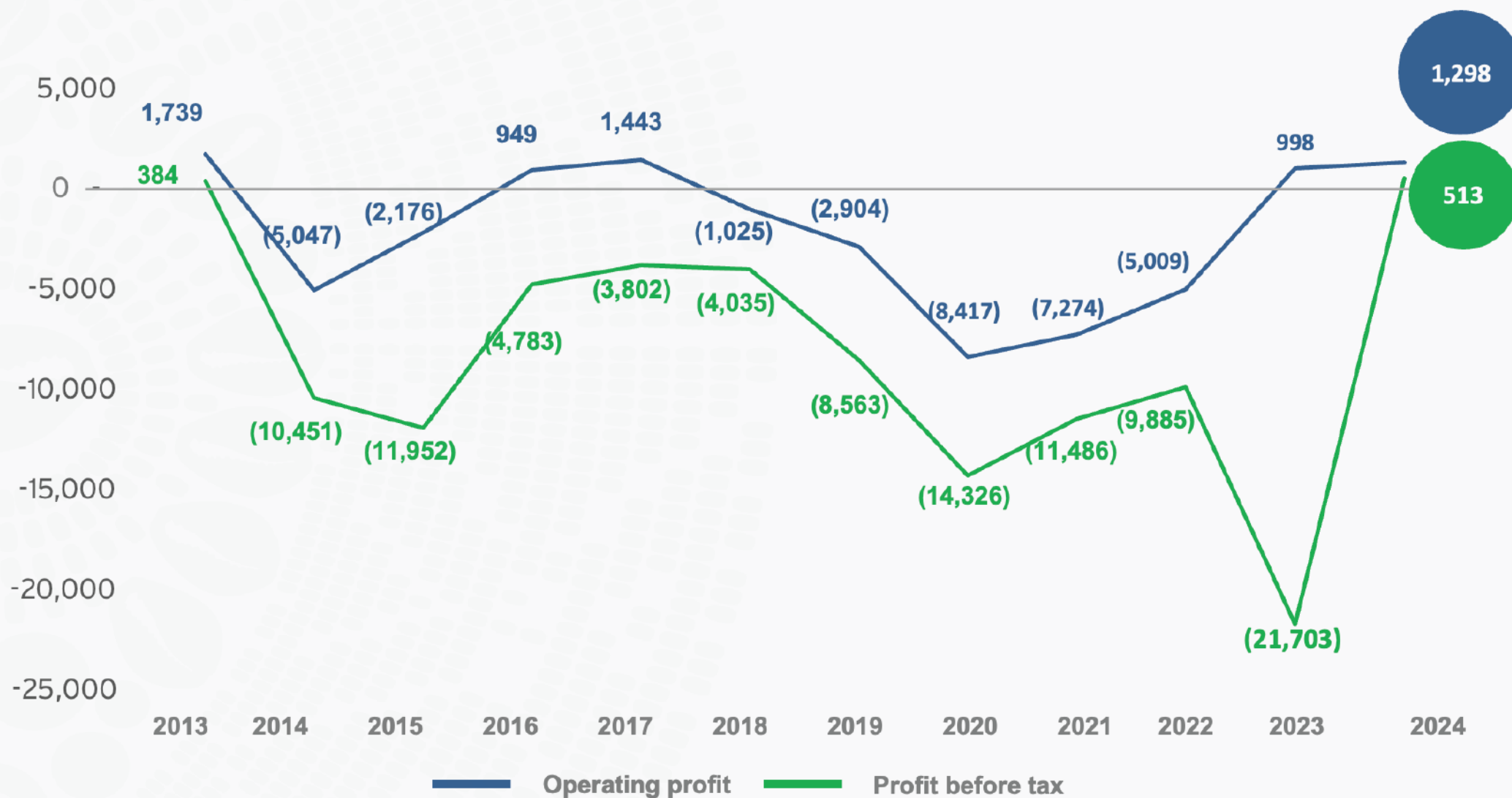
	Jun-2024 Ksh Mil	Jun-2023 Ksh Mil
Cashflows from operating activities		
Cash generated from operations	11,784	14,450
Interest Received	23	114
Interest Paid	(3,830)	(4,831)
Income Taxes Paid	(28)	(26)
Net cash generated from operating activities	7,949	9,707
Net cash generated from investing activities	(3,898)	(2,799)
Net cash used in financing activities	(7,069)	(8,639)
(Decrease)in cash & cash equivalents	(3,017)	(1,731)
Cash & Cash equiv at beg	7,765	9,633
Cash & Cash equiv at end	4,748	7,902



Mr. Allan Kilavuka
Group MD & CEO



HY profit/loss trend over the last half year: Ksh Mil



Future Outlook

Kenya Airways: H2 2024 Look ahead



Project Kifaru 1.0. 95% complete

Project Kifaru 2.0

Implementation ongoing to onboard strategic Equity Investment

Objectives of the Strategic Equity Investment



Deleverage the business.



Infuse external aviation best practices.



Growth.



Diversify the business.

Other focus areas include stabilization of operations and improving customer experience.

Kenya Airways: H2 2024 Look ahead



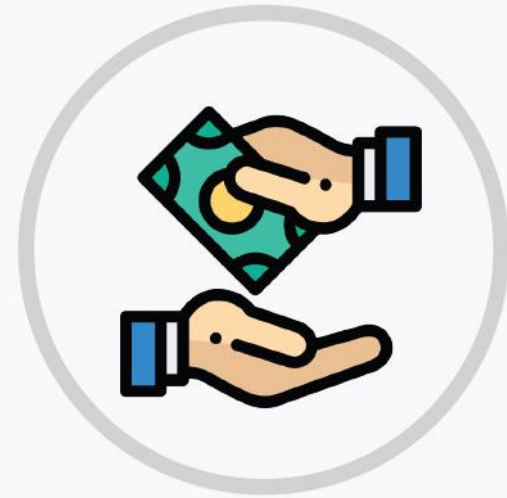
**Break-even in
FY2024**



**Operational
stability**



Fleet growth



Cost containment

Thank You