

PRESS RELEASE

Kenya Airways reports operating profit of Kshs 998 million for the first time in 6 years

KQ turnaround strategy starts to bear fruit as airline reports operating profit and increased revenues.

- 120% improvement in Operating Profit from the operating loss of Kshs 5 billion reported in a similar period in the previous year.
- The Groups revenue grew by 56% to Kshs 75 billion.
- Passenger numbers increased by 43% to 2.3million with an increase of 56% increase in Available Seat Kilometres (ASKs).
- Operating costs increased by 40% due to the increase in activity, however gross profit increased by 131%.
- Earnings before interest, tax and depreciation (EBITDAR) grew by 7% points.

Nairobi, 29 August 2023 – National carrier Kenya Airways PLC (KQ) has reaffirmed its recovery progress after recording a 120% improvement in operating profit from a loss of Kshs 5 billion reported in 2022 to Kshs 998 million in 2023. In the 2023 Half Year results reported, the Group's revenue grew to Kshs 75 billion, recording a 56% increase compared to the same period last year. The operating improvement was underpinned by a growth in the cabin factor to 76.1%, with an increase in passenger numbers of 43% to 2.3 million.

During this period, the company mainly focused on improving the customer experience, operational excellence, and cash conservation. The airline also exploited opportunities to raise much-needed revenue through passenger charters and ramped up scheduled operations. Other initiatives undertaken by the management include partnerships with other airlines, lease rentals renegotiations and other cost-reduction measures.

Speaking at the investor briefing event, Kenya Airways Chairman Michael Joseph said, "These exceptional figures underscore the airline's outstanding performance during the period and offer encouraging indications of ongoing recovery and turnaround initiatives that have been put in place by management to return the airline to profitability are bearing fruit."

Allan Kilavuka, Kenya Airways Group Managing Director and CEO, said, "These results confirm the operational viability of the airline. We have enhanced our customer experience at different touchpoints, the reliability and availability of our aircraft have significantly improved, and Our On-Time Performance (OTP) has gone up from a low 58% at the start of the year to 77% at the end of June with a target of being above 80%."

The airline's improved performance was negated by a Ksh 17 billion impact on foreign exchange losses on monetary items, loans and leases, giving rise to a loss before tax of Kshs 22 billion. According to Allan



Kilavuka, the legacy debt and the devaluation of the Kenya shillings against major currencies are two concerns that continue to hold back the airline.

"We are working to resolve the issue of the legacy debt in collaboration with our stakeholders and the Kenyan government. The debt is worsened by the 14% devaluation of the Kenyan shilling against the dollar since January, which we have had to book as foreign exchange losses. The devaluation of the Kenya shilling has a significant negative impact on our financials as a majority of our transactions are carried out in the major foreign currencies. This has, in turn, an impact on our overhead costs, which have increased by 22%." said Mr Kilavuka.

According to IATA's May 2023 passenger polling data, the future for the airline industry seems optimistic. Kenya Airways will continue to focus on recovery by implementing turnaround initiatives.

"Our focus looking ahead is on recapitalizing the business to place Kenya Airways on a stronger footing and provide a stable base for long-term growth. We will continue focusing on our network expansion and fleet optimization to increase passenger and cargo capacities. Further, we see a promising trend in forward bookings for the year's second half. It all starts with a robust summer peak, particularly in July and August, where our load factors exceed last year's," said Mr Kilavuka.

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About Kenya Airways:

Kenya Airways, a member of the Sky Team Alliance, is a leading African airline flying to 42 destinations worldwide, 35 of which are in Africa. In 2022 the World Travel Awards recognized KQ as Africa's Leading Airline, Africa's Leading Airline Brand, Africa's Leading Airline - Business Class, and Africa's Leading Inflight Magazine (Msafiri). In 2023 KQ was awarded Best Airline Staff in Africa at the prestigious Skytrax World Airline Awards.

KQ's fleet comprises of wide body Boeing aircraft, that includes its flagship B787 Dreamliner and narrow body Embraer E190 aircraft. The on-board service is renowned worldwide and the lie-flat business class seat on the wide-body aircraft is consistently voted among the world's top 10. Kenya Airways takes pride in being at the forefront of connecting Africa to the World and the World to Africa through its hub at the new ultra-modern Terminal 1A at the Jomo Kenyatta International Airport in Nairobi.

For more information go to www.kenya-airways.com or call our 24-hour Customer Services Desk: +254 20 327 4747, Twitter: @KenyaAirways, Facebook: KenyaAirways, Instagram: OfficialKenyaAirways

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