

COMMENTARY

On behalf of the Board of Directors, I am glad to present the Kenya Airways PLC financial results for the financial year ended 31 December 2021.

Following the worst year on record for the aviation industry, the industry is seeing strong signs of recovery particularly in US domestic travel and more moderate recovery in international travel. Kenya Airways took advantage of the lockdown period to restructure and transform our operations and products. We have seen some good recovery in our domestic, regional and selected international routes. We continued with our efforts to improve our flexibility and service offering to customers.

During 2021, KQ still felt the impact of the Covid-19 pandemic due to some restrictions and limitations due to the advent of the Omicron variant, particularly affecting our Dubai and Guangzhou routes but little impact in the European, US and regional routes. This resumption in operations increased the airline's capacity by 11.5% over 2020 but remained 65% below the 2019 pre-pandemic levels.

Even with all these challenges, Kenya Airways has weathered the storm to post significantly improved results. An incredible amount of work by the Board and management has gone into these results, Management sought alternative revenue streams to replace lost revenue because of various travel restrictions. These revenue sources included air charter services, which increased by 300% and ancillary revenues which increased by 65%. In addition, management have reduced costs by 3.5% and reducing lease rentals for the aircraft by Kshs 10 billion.

Capacity Deployment

Capacity deployed, measured in Available Seat Kilometres (ASKs) stood at 5,900 million compared to 5,292 million reported in 2020, an increase of 11.5% and achieved a cabin factor of 60.8% compared to 65.3% in the previous year 2020. This was due to an increase in the number of routes operated compared to the previous year.

Revenues:

The Group's total revenue during the year increased by 33% to Kshs. 70,221 million which is a laudable achievement and would have been higher had we not been restricted in the fourth quarter due to the Omicron variant as mentioned above and the ban on flights into the UAE during this time.

The Group uplifted a total of 2.2 million passengers during the year, a 25% increase compared to the prior year, but 57% lower than 2019. The cargo business uplifted 63,726 tonnes, recording an improvement of 29% over 2020.

Costs:

The Group saw a decrease of 3.6% in total operating costs for the year with direct operating costs increasing by 32.9% mainly driven by increased operations coupled with increase in global fuel prices throughout the year. Fixed costs declined by 26.7% driven by a strong emphasis on reducing both fleet ownership costs and overheads.

Based on the above revenue and cost dynamics, the Group recorded a significantly improved performance, reporting an operating loss of KSh 6.8 billion compared to 2020 operating loss of KSh 27.1 billion (an Operating Loss Margin of 9.6% compared to 51% in the same period last year). This is a testament to the tremendous work that the management is doing to improve revenue, contain costs and conserve cash.

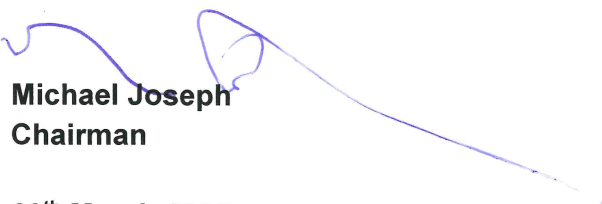
Overall, Kenya Airways Management and staff made tremendous efforts in 2021 to improve our service levels, improve revenues and focus on cost reductions despite the challenges brought about by reduced salaries and the reduction in routes flown.

Outlook:

Notwithstanding the current global crisis brought about by the COVID-19 pandemic and now the uncertainties and insecurities brought on by the war in Ukraine, Kenya Airways will continue its efforts to fly a more efficient network, improve service quality and delivery and further reduce costs. We will continue to seek our new partnerships and improve existing partnerships to offer a better product to our customers and improve our revenue opportunities.

There are several strategy initiatives that the company is pursuing that should help to future proof the various reform efforts that the company has instituted. Some of these include the commercialization of unmanned aircraft technology and eVTOL, expansion of cargo and our MRO facility.

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, the management, staff, suppliers, and other stakeholders for their continued support.



Michael Joseph
Chairman

29th March 2022

KENYA AIRWAYS PLC
SUMMARY AUDITED GROUP RESULTS
FOR THE YEAR ENDED 31 December 2021

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	31 December 2021 KShs M	31 December 2020 KShs M
Total income	70,221	52,805
Total operating costs	(77,024)	(79,916)
Operating loss	(6,803)	(27,111)
Other costs	(9,387)	(9,524)
Interest income	162	62
Loss before income tax	(16,028)	(36,573)
Income tax credit	150	354
Loss for the year	(15,878)	(36,219)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Loss on hedged exchange differences- Borrowings	(2,187)	(5,168)
Loss on hedged exchange differences- Lease liabilities	(1,107)	(4,882)
	(3,294)	(10,050)
Other comprehensive income for the year net of tax	(3,294)	(10,050)
Total comprehensive loss for the year	(19,172)	(46,269)
Loss for the year is attributable to:		
Owners of the company	(15,882)	(36,227)
Non-controlling interest	4	8
	(15,878)	(36,219)
Total comprehensive loss is attributable		
Owners of the company	(19,176)	(46,277)
Non-controlling interest	4	8
Total comprehensive loss for the year	(19,172)	(46,269)
Basic loss per share(Kshs)	(2.73)	(6.22)

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2021 KShs M	31 December 2020 KShs M
Assets		
Non-current assets	129,870	144,289
Current assets	25,685	27,173
TOTAL ASSETS	155,555	171,462
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	5,824	5,824
Share premium	49,223	49,223
Mandatory convertible note	9,630	9,630
Treasury shares	(142)	(142)
Reserves	(147,934)	(128,758)
Equity attributable to owners	(83,399)	(64,223)
Non-controlling interest	62	58
TOTAL EQUITY	(83,337)	(64,165)
Liabilities		
Non - current liabilities	157,927	150,297
Current liabilities	80,965	85,330
	238,892	235,627
TOTAL EQUITY AND LIABILITIES	155,555	171,462

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Mandatory				Non		
	Share	Convertible	Treasury	Other	controlling	Total	
	Share capital	premium	Note	Shares	Reserves	Interest	Equity
	KShs M	KShs M	M	KShs M	KShs M	KShs M	KShs M
As at 1 January 2020	5,824	49,223	9,630	(142)	(2,257)	(80,224)	50 (17,896)
Loss for the year	-	-	-	-	-	(36,227)	8 (36,219)
Other comprehensive loss for the year	-	-	-	-	(10,050)	-	- (10,050)
At 31 December 2020	5,824	49,223	9,630	(142)	(12,307)	(116,451)	58 (64,165)
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)

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2021 KShs'M	31 December 2020 KShs'M
Cashflows from operating activities		
Cash generated from operations	8,029	10,120
Interest received	162	62
Interest paid	(3,217)	(3,659)
Income tax paid	(65)	(42)
Net cash generated from operating activities	4,909	6,481
Cash flows from investing activities		
Purchase of Property and equipment and intangible assets	(2,363)	(992)
Proceeds from disposal of property and equipment	18	15
Aircraft deposits	(295)	(680)
Aircraft deposits refunds received	1,057	693
Net cash used from investing activities	(1,583)	(964)
Cash flows from financing activities		
Proceeds from borrowings	14,000	11,000
Repayments of borrowings	(4,072)	(3,078)
Lease payments	(14,814)	(8,751)
Commitment and commission fees paid during the year	(73)	(55)
Net cash used in financing activities	(4,959)	(884)
(Decrease)/Increase in cash and cash equivalents	(1,633)	4,633
Cash and cash equivalents at beginning of year	7,728	3,095
Cash and cash equivalents at end of year	6,095	7,728

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.