

KENYA AIRWAYS PLC
SUMMARY UNAUDITED GROUP RESULTS
FOR THE PERIOD ENDED 30 June 2021

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	30 June 2021	30 June 2020
	KShs M	KShs M
Total income	27,354	30,214
Total operating costs	(34,628)	(38,631)
Operating loss	(7,274)	(8,417)
Other costs	(4,320)	(5,975)
Interest income	52	37
Loss before income tax	(11,542)	(14,355)
Income tax credit	56	29
Loss for the period	(11,486)	(14,326)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Gain/(Loss) on hedged exchange differences-Borrowings	1,214	(3,238)
Gain/(Loss) on hedged exchange differences-Lease liabilities	592	(3,453)
	1,806	(6,691)
Total comprehensive loss for the period	(9,680)	(21,017)
Loss for the period is attributable to:		
Owners of the company	(11,495)	(14,329)
Non-controlling interest	9	3
	(11,486)	(14,326)
Total comprehensive loss is attributable		
Owners of the company	(9,689)	(21,020)
Non-controlling interest	9	3
Total comprehensive loss for the period	(9,680)	(21,017)
Basic loss per share(Kshs)	(1.97)	(2.46)

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2021	31 December 2020
	KShs M	KShs M
Assets		
Non-current assets	133,785	144,289
Current assets	19,542	27,173
TOTAL ASSETS	153,327	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	(138,447)	(128,758)
Equity attributable to owners	(73,912)	(64,223)
Non-controlling interest	67	58
TOTAL EQUITY	(73,845)	(64,165)
Liabilities		
Non - current liabilities	147,187	150,297
Current liabilities	79,985	85,330
	227,172	235,627
TOTAL EQUITY AND LIABILITIES	153,327	171,462

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Mandatory Convertible Note	Treasury Shares	Other reserves	Reserves	Non controlling Interest	Total Equity
	KShs M	KShs M	KShs M	KShs 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 period	-	-	-	-	-	(11,495)	9	(11,486)
Other comprehensive gain for the period	-	-	-	-	1,806	-	-	1,806
At 30 June 2021	5,824	49,223	9,630	(142)	(10,501)	(127,946)	67	(73,845)

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2021 KShs M	30 June 2020 KShs M
Cashflows from operating activities		
Cash generated from operations	1,583	5,109
Interest received	52	37
Interest paid	(1,544)	(1,903)
Income tax paid	(30)	(18)
Net cash generated from operating activities	61	3,225
Cash flows from investing activities		
Purchase of Property and equipment and intangible assets	(1,327)	(532)
Proceeds from disposal of property and equipment	11	7
Aircraft deposits	(13)	(109)
Aircraft deposits refunds received	5	20
Net cash used in investing activities	(1,324)	(614)
Cash flows from financing activities		
Borrowings received	4,000	5,000
Repayments of borrowings	(1,483)	(3,069)
Lease payments	(5,738)	(6,336)
Commitment and commission fees paid	(35)	(29)
Net cash used in financing activities	(3,256)	(4,434)
Decrease in cash and cash equivalents	(4,519)	(1,823)
Cash and cash equivalents at beginning of the period	7,728	3,095
Cash and cash equivalents at end of the period	3,209	1,272

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.

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 2021.

During the first half of 2021, operations continued to be severely impacted by the COVID-19 crisis. The airline has been operating at 30% of 2019 capacity as a result of depressed demand. This is due to difficulties in controlling the virus variants, slow vaccination uptake in some of our key markets, travel restrictions and lock downs. The airline's key routes including London, India and Guangzhou have experienced various travel restrictions, thus severely affecting the network deployment. In addition, the percentage of fully vaccinated adults in Africa currently stands at 1.84% compared to 51.2% in the US and 61.6% in the UK.

The airline, however, recorded improved performance compared to a similar period in the prior year. The Board and Management have worked extremely hard to lessen the impact on the company's performance by creating opportunities to increase revenue while instituting cash preserving and cost-saving measures.

Global Aviation Performance

According to IATA, Q1 2021 results show that the start of the year was still fragile for the airline industry as virus outbreaks paused air travel recovery in many important markets. However, initial Q2 results indicate a significant improvement in North American airlines' financials on the back of the US domestic rebound and also some positive developments in international and business travel. Despite the positive news coming from North America, there is a reason for caution as global numbers of COVID-19 cases have been trending upwards.

Capacity Deployment

Capacity deployed measured in Available Seat Kilometres (ASKs) stood at 2,378 million compared to 3,722 million reported in June 2020, a decline by 36%. In a normalised year, 2019 ASKs for KQ for the same period were 8,002 million. The airline achieved a cabin factor of 57.8% compared to 68.3% in the previous year for a similar period and 75% in 2019.

Revenues:

The Group's total revenue during the period reduced by 9% to Kshs. 27,354 million. The reduction is due to the cessation of domestic scheduled operations in the month of April 2021 and travel restrictions/lockdowns due to a surge in virus cases. During the period, the airline operated a number of charter flights and ramped up cargo operations, penetrating new market sectors. We believe that these new markets and diversified revenue streams will be critical for the future of the airline.

A total of 0.8 million passengers were uplifted during the period, a 20% decline in comparison to a similar period in the prior year and a 64% decline compared to 2019.

Though passenger revenue declined by 17% to Kshs. 20,230 million, cargo revenues went up by 60% due to a stronger focus on freighter operations. This demonstrates that management's effort in growing cargo is paying off, an area the airline will continue to focus on.

Costs:

The Group saw a decline of 10% in total operating costs, mainly driven by the reduced operations for the period. Of the total operating costs, direct operating costs declined by 13%, whereas fixed costs declined by 7% as fixed costs had to be spread over a dramatically smaller capacity. Based on the above revenue and cost dynamics, the Group recorded an Operating Loss Margin of 26.6% compared to 27.8% same period last year. Again, this is a testament to the tremendous job that the management is doing to contain costs and conserve cash.

Company 2021 focus:

During the period, the company's main focus was and still is cash conservation. The company has exploited opportunities of raising much needed revenue through passenger charters and ramped up cargo operations. Other initiatives undertaken by the management include partnerships with other airlines, lease rentals renegotiations, payment plans with suppliers and partial deferment of staff salaries.

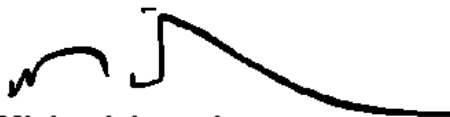
With the long recovery prospects and diminishing revenue occasioned by reduced demand in passenger business and increased costs due to tighter health and safety measures, the business focus for the rest of 2021 will be ensuring survival and rebound.

The industry view is that recovery from this pandemic will take time. Aviation experts predict that evolving customer behaviour will continue to suppress passenger numbers until 2024, where full recovery to 2019 levels is forecasted. Therefore, the market will continue to witness overcapacity and airlines, including Kenya Airways, will need to develop models that will support better utilisation of assets and resources.

Outlook:

Notwithstanding the current global crisis brought about by the COVID-19 pandemic, Kenya Airways asserts its commitment to an efficient network and improved service quality and delivery. The 2021 results will continue to be negatively impacted by the ongoing pandemic, which has resulted in suppressed air travel demand. We have introduced stringent sanitary measures on board our aircraft and at every customer touch point to reduce the risk of transmission. The company continues to sensitise staff on health measures and implore on staff and the community we interact with to receive prescribed vaccinations.

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.**

26th August 2021