



PRESS RELEASE

Kenya Airways revenue jumps 12% on network expansion gains

- Airline brought back two subleased Boeing 787s to support network expansion
- Passenger numbers grew by 6.7%
- Cargo revenues grew by 2.5%

Nairobi, May 27 2020... Kenya Airways (KQ) PLC has recorded a 12.4% increase in revenue for the year ended December 31, 2019, from Kshs 114,185 million in 2018 to Kshs. 128,317 million. The positive performance has been attributed to the expansion of the network, improved passenger, cargo, ancillaries, and other revenue streams.

The KQ board and management conveyed optimism during the release of the financial results which demonstrate that the strategic investment initiatives the airline has been implementing are progressively paying off.

“2019 was a commendable year where the airline continued to grow both passenger numbers and revenues compared to the previous year. We are definitely on the right flight path and although we experienced headwinds through the year, I am confident that we will continue hold steady and deliver on our commitment to turn around the airline” said KQ board Chairman Mr. Michael Joseph

In the year under review, the airline invested in new routes by introducing Geneva, Rome and Malindi to the network. This investment in new strategic routes contributed a 6.7% increase in passenger numbers to hit a record 5.1 million passengers. The Cargo loads grew by 6.3% from an uplift of 64,238 tonnes the previous year to 68,264 tonnes and a positive contribution to the bottom line of Kshs 0.2b.

During the period, KQ brought back two Boeing 787-8 Dreamliner aircraft to its operating fleet that had been previously sub-leased to Oman Air to support the new routes as part of the network optimization. This led to the capacity deployed in Available Seat Kilometres (ASKs) increase by 15%.

“The year was however not without its fair share of operational challenges and thanks to the airline’s business agility and sheer commitment to improving our service to our customers, the company’s resilience was once again demonstrated throughout the year” noted Mr. Allan Kilavuka, Group Managing Director & Chief Executive Officer.

“We are committed running a sustainable business, with a renewed focus on improving our customer experience, reducing costs & curbing wastage, strengthening our operational efficiency, stabilizing the organisation, profitable growth, and engagement with all our stakeholders” added Mr. Kilavuka

Expenses resulting from the opening of new routes saw direct operating costs go up by 7.9%, from Kshs 75 billion to Kshs 80.9 billion. The return of the 2 wide bodies contributed to increased fleet costs and a reduction in the previously collected lease fees.

Despite the increased flight frequency, the group maintained low fuel costs through a combination of its hedging program in addition to favourable global fuel prices. The fuel costs during the year in review stood at Kshs 33.2 billion, a marginal 0.4 % increase from Kshs 33 billion incurred during the same period last year.

Total costs in the year increased 16% %, given the investments in new routes, the return of the two wide body aircraft, and the adoption of the new accounting standards IFRS 16. The Group posted a loss before tax of Kshs. 12.975 billion.

“Despite the tough market environment, Kenya Airways is in the process of recalibrating its business to create a model that is agile, responsive, and even more relevant to the market. We are making positive strides and we will not lose focus on our picture of success which we are working towards” Mr. Joseph concluded.

“Going forward, it will not be business as usual as the aviation industry will see significant changes as a result of the COVID-19 pandemic. We therefore must stay ahead of the curve to ensure we are ready to create many opportunities for growth and leverage all the others that come our way” concluded 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 54 destinations worldwide, 41 of which are in Africa and carries over four million passengers annually. It continues to modernize its fleet with its 34 aircraft being some of the youngest in Africa. This includes its flagship B787 Dreamliner aircraft. The on-board service is renowned 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 for being in 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. Kenya Airways celebrated 43 years of operation in January 2020 and was named Africa Leading Airline 2019 by the World Travel Awards. For more information, please visit www.kenya-airways.com or call our 24HR Contact Center: +254 20 327 4747, Twitter: @KenyaAirways, Facebook: KenyaAirways, Instagram

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