

KENYA AIRWAYS PLC
SUMMARY UNAUDITED GROUP RESULTS
FOR THE SIX MONTHS PERIOD ENDED 30th JUNE 2018

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	30 June 2018 KShs'M	30 June 2017 KShs'M
Total income	52,193	50,601
Total operating costs	(53,218)	(51,333)
Operating loss	(1,025)	(732)
Other costs	(2,990)	(5,099)
Interest income	23	60
Loss before income tax	(3,992)	(5,771)
Income tax (expense)/credit	(43)	103
Loss for the period	(4,035)	(5,668)
Other comprehensive income		
Items that may or will be reclassified subsequently to profit or loss		
Gain/(loss) on hedged exchange differences	1,074	(365)
Total comprehensive loss for the period	(2,961)	(6,033)
Loss for the period is attributable to:		
Owners of the company	(4,038)	(5,669)
Non-controlling interest	3	1
	(4,035)	(5,668)
Total comprehensive loss is attributable to:		
Owners of the company	(2,964)	(6,034)
Non-controlling interest	3	1
Total comprehensive loss for the period	(2,961)	(6,033)
Basic loss per share(Kshs)	(0.69)	(15.16)
Diluted loss per share(Kshs)	(0.54)	(15.16)

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2018 KShs'M	31 December 2017 KShs'M
Assets		
Non-current assets	113,149	118,214
Current assets	21,386	21,892
TOTAL ASSETS	134,535	140,106
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	5,824	5,824
Share premium	49,222	49,221
Mandatory convertible note	11,464	11,465
Treasury shares	(142)	(142)
Reserves	(70,320)	(65,951)
Equity attributable to owners	(3,952)	417
Non-controlling interest	56	53
TOTAL EQUITY	(3,896)	470
Liabilities		
Non - current liabilities	84,816	87,635
Current liabilities	53,615	52,001
	138,431	139,636
TOTAL EQUITY AND LIABILITIES	134,535	140,106

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital KShs M	Share premium KShs M	Mandatory Convertible Note KShs M	Treasury Shares KShs M	Revaluation surplus	Cashflow hedging	Reserves KShs M	Non controlling Interest KShs M	Total Equity KShs M
At 1 April 2017	7,482	8,670	-	-	4,911	(14,156)	(51,871)	49	(44,915)
Change in par value	(7,107)	7,107	-	-	-	-	-	-	-
Issue of ord. shares through conversion of debt	5,307	35,987	-	-	-	-	-	-	41,294
Issue of mandatory convertible note	-	-	11,465	-	-	-	-	-	11,465
Expenses directly attributable to restructuring	-	(2,543)	-	-	-	-	-	-	(2,543)
Issue of shares to employees share ownership scheme	142	-	-	(142)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	1,250	(6,085)	4	(4,831)
At 31 December 2017	5,824	49,221	11,465	(142)	4,911	(12,906)	(57,956)	53	470
As at 1 January 2018 - Previously reported	5,824	49,221	11,465	(142)	4,911	(12,906)	(57,956)	53	470
IFRS 9 adjustment-Cashflow Hedge reserves	-	-	-	-	-	5,436	(5,436)	-	-
IFRS 9 adjustment-Credit loss	-	-	-	-	-	-	(1,406)	-	(1,406)
As at 1 January 2018 - restated	5,824	49,221	11,465	(142)	4,911	(7,470)	(64,798)	53	(935)
Issue of ord. shares through conversion of mandatory convertible note	0	1	(1)	-	-	-	-	-	(0)
Total comprehensive loss for the period	-	-	-	-	-	1,074	(4,036)	3	(2,961)
At 30 Jun 2018	5,824	49,222	11,464	(142)	4,911	(6,396)	(68,836)	56	(3,896)

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2018 KShs'M	30 June 2017 KShs'M
Cashflows from operating activities		
Cash generated from operations	3,105	5,766
Interest received	23	61
Interest paid	(2,764)	(3,625)
Income tax paid	(19)	(81)
Net cash generated from operating activities	345	2,121
Cash flows from investing activities		
Purchase of Property and equipment and intangible assets	(429)	(410)
Proceeds from disposal of property and equipment	659	3,811
Aircraft deposits	(58)	(556)
Aircraft deposits refunds received	3,761	-
Commitment and commission fees paid during the year	-	(70)
Onerous lease payments	(495)	(623)
Net cash generated from investing activities	3,438	2,152
Cash flows from financing activities		
Borrowings received	-	-
Repayments of borrowings	(4,175)	(5,357)
Net cash used in financing activities	(4,175)	(5,357)
(Decrease) in cash and cash equivalents	(392)	(1,084)
Cash and cash equivalents at beginning of period	6,356	9,861
Cash and cash equivalents at end of period	5,964	8,777

COMMENTARY

Improved 1st Half Year Results

Kenya Airways Plc has posted a 30.8% improvement in its net results for the 6 months period ended 30 June 2018. The Airline recorded a net loss before tax of Kshs. 3,992 million compared to Kshs. 5,771 million reported for the same period in 2017.

Operating highlights:

- Passenger numbers increased by 6.6% to 2.3 million.
- Cabin factor increased by 2.8 points to 75.9%.
- An increase by 3.3% in hours flown despite a reduction of 0.4% in Available Seat Kilometres.

• Financial highlights:

- Turnover increased by 3.1% due to increased passenger traffic and overall yield improvement.
- Direct operating costs increased by 13.9% due to increased pressure on global fuel prices.
- Fleet costs reduced by 2.2% attributable to the fleet rationalisation and restructuring completed in November 2017.
- Overheads reduced by 20.4%.
- Operating Margin lower than prior year mainly due to the increase in direct operating costs as a result of increased fuel prices.
- Loss before tax improved by 30.8%.

Although reporting improved performance, fuel price volatility continues to be a major challenge for the Airline. The price per barrel has been on an upward trend since the beginning of this year closing at USD 74 as at 30 June 2018 representing an increase of 12% in global fuel prices within the first half of the financial year.

Outlook

The Airline continues to operate in a highly competitive environment, however, it is committed to enhancing its service delivery across all touch points with the aim of making Kenya Airways more relevant, authentic and true to its brand proposition. We continue to focus on an optimised network to create more connections through Nairobi and in turn increase efficiency in order to reduce overall costs, as we focus on return to profitability. The business has remained resilient and is focused on delivering solid results.

On behalf of the Board of Directors, I take this opportunity to express my sincere appreciation to our customers, the Government of Kenya, shareholders, management, staff, suppliers and other stakeholders for their continued support.


Michael Joseph
Chairman

28th August 2018