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The Hidden Cost of Running an Airline

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When most people look at an airline ticket, they see the fare indicated, but what they do not see is the complex cost structure behind that number. Running an airline, more than moving an aircraft from one destination to another; is about managing a highly capital-intensive business with thin margins and significant exposure to external shocks.

The largest cost driver is often fuel, but that is only part of the picture. Airlines also absorb the cost of aircraft ownership or leasing, maintenance and overhaul, crew, airport and navigation charges, insurance, IT systems, sales and distribution, and a long list of operational overheads. These costs do not disappear simply because demand weakens. Rather, many of them remain fixed or decline slowly, which makes the business especially sensitive to disruption.

At Kenya Airways, that reality is reflected in the numbers. In the FY2025 results, the airline reported total operating costs of KES 167.1 billion, even as operating costs declined by 3% year-on-year due to reduced operations following the grounding of three Dreamliner aircraft amid global supply chain and engine availability constraints. At the same time, fleet ownership costs rose by 33% due to measurement of leased assets and the addition of fleet, while finance costs remained high at approximately KES 12.3 billion. These figures show just how quickly the economics of flying can shift when aircraft availability, lease costs, and foreign exchange exposure move in the wrong direction.

The business is also heavily exposed to foreign exchange and fuel price volatility. Kenya Airways has repeatedly highlighted jet fuel price risk and foreign currency risk as material exposures, with many of its costs denominated in foreign currency and influenced by global market movements. That means geopolitical shocks, supply chain disruptions, and currency swings can affect the cost base long before they appear in the passenger experience.

Conversations about airline performance should therefore focus on the structure of the business itself and go beyond ticket prices and headline losses. Understanding the cost base is essential for anyone trying to assess resilience, investment needs, route economics, or long-term sustainability. This is also where discipline matters most. In aviation, strong financial management is how an airline protects service reliability, maintains safety, manages volatility, and creates room for future growth. Cost clarity is a leadership issue.

As Kenya Airways nears 50 years since its establishment in 1977, the airline’s journey reflects not only how complex this industry is, but also how much experience, discipline, and resilience it takes to build a sustainable carrier.

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