

# KENYA AIRWAYS PLC

## SUMMARY AUDITED GROUP RESULTS FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2017

### SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 December 2017 (9 Months) KShs'M	31 March 2017 (12 Months) KShs'M
Total income	80,799	106,277
Total operating costs	(79,493)	(105,380)
<b>Operating profit</b>	<b>1,306</b>	<b>897</b>
Other costs	(7,275)	(11,099)
<b>Loss before income tax</b>	<b>(5,969)</b>	<b>(10,202)</b>
Income tax (expense)/credit	(112)	246
<b>Loss for the period / year</b>	<b>(6,081)</b>	<b>(9,956)</b>
<b>Other comprehensive income</b>		
Gain on hedged exchange differences	1,250	708
<b>Total comprehensive loss for the period/year</b>	<b>(4,831)</b>	<b>(9,248)</b>
<b>Loss for the period is attributable to:</b>		
Owners of the company	(6,085)	(9,954)
Non-controlling interest	4	(2)
<b>Loss for the period/year</b>	<b>(6,081)</b>	<b>(9,956)</b>
<b>Total comprehensive loss is attributable to:</b>		
Owners of the company	(4,835)	(9,246)
Non-controlling interest	4	(2)
<b>Total comprehensive loss for the period /year</b>	<b>(4,831)</b>	<b>(9,248)</b>
<b>Basic loss per share(Kshs)</b>	<b>(1.04)</b>	<b>(26.61)</b>
<b>Diluted loss per share(Kshs)</b>	<b>(0.81)</b>	<b>(26.61)</b>

### SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2017 KShs'M	31 March 2017 KShs'M
<b>Assets</b>		
Non-current assets	118,214	119,397
Current assets	21,892	26,756
<b>TOTAL ASSETS</b>	<b>140,106</b>	<b>146,153</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	5,824	7,482
Share premium	49,221	8,670
Mandatory convertible note	11,465	-
Treasury shares	(142)	-
Reserves	(65,951)	(61,116)
<b>Equity attributable to owners</b>	<b>417</b>	<b>(44,964)</b>
Non-controlling interest	53	49
<b>TOTAL EQUITY</b>	<b>470</b>	<b>(44,915)</b>
<b>Liabilities</b>		
Non - current liabilities	87,635	119,758
Current liabilities	52,001	71,310
<b>TOTAL LIABILITIES</b>	<b>139,636</b>	<b>191,068</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>140,106</b>	<b>146,153</b>

### SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital KShs M	Share premium KShs M	Mandatory Convertible Note KShs M	Treasury Shares KShs M	Reserves KShs M	Non controlling Interest KShs M	Total Equity KShs M
<b>At 1 April 2017</b>	<b>7,482</b>	<b>8,670</b>	<b>-</b>	<b>-</b>	<b>(61,116)</b>	<b>49</b>	<b>(44,915)</b>
Change in par value	(7,107)	7,107	-	-	-	-	-
Issue of ordinary 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	-	-	-	-	(4,835)	4	(4,831)
<b>At 31 December 2017</b>	<b>5,824</b>	<b>49,221</b>	<b>11,465</b>	<b>(142)</b>	<b>(65,951)</b>	<b>53</b>	<b>470</b>

### SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2017 (9 months) KShs M	31 March 2017 (12 months) KShs M
<b>Cash flows from operating activities</b>		
Cash generated from operations	11,595	13,440
Interest received	32	62
Interest paid	(4,923)	(7,392)
Income tax paid	(43)	(156)
<b>Net cash generated from operating activities</b>	<b>6,661</b>	<b>5,954</b>
<b>Cash flows from investing activities</b>		
Purchase of Property and equipment and intangible assets	(663)	(783)
Proceeds from disposal of property and equipment	18	5,734
Commitment fees and aircraft deposits	(797)	(3,002)
Aircraft deposits refunds received	-	128
Onerous lease payments	(755)	(1,462)
<b>Net cash (used in) / generated from investing activities</b>	<b>(2,197)</b>	<b>615</b>
<b>Cash flows from financing activities</b>		
Payment for share issue costs	(2,543)	-
Borrowings received	4,358	22,729
Repayments of borrowings	(9,109)	(24,939)
<b>Net cash used in financing activities</b>	<b>(7,294)</b>	<b>(2,210)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(2,830)</b>	<b>4,359</b>
<b>Cash and cash equivalents at beginning of period / year</b>	<b>9,186</b>	<b>4,827</b>
<b>Cash and cash equivalents at end of period / year</b>	<b>6,356</b>	<b>9,186</b>

## COMMENTARY

### Change of financial year

During the year, the Directors resolved to change the Group's year end from 31 March to 31 December. Consequently, the financial statements cover the nine month period from 1 April 2017 to 31 December.2017. The comparative balances have been presented for the twelve months period from 1 April 2016 to 31 March 2017.

Kenya Airways Plc recorded an improved operating profit of KShs 1,306 million and an improved loss before tax of KShs 5,969 million for the nine month period ended 31 December 2017.

#### • Operating highlights:

- o Passenger numbers stood at 3.43 million for the 9 month period ended 31 December 2017. The prior year period covering 12 month stood at 4.46 million.
- o Cabin factor for the 9 month period was 76.2 percent. The prior year 12 month period was 72.3 percent.
- o Yield per revenue passenger kilometre declined by 6.5% for the 9 month period ended 31 December 2017 driven by market capacity pressure and currency fluctuations.

#### • Financial highlights:

- o Operating profit for the 9-month period, ended 31 December 2017 was KShs 1,306 million. In the prior year covering 12 months, the operating profit closed at KShs 897 million.
- o Fleet costs for the 9-month period ended 31 December 2017 was KShs 10,556 million. In the prior year ended 31 March 2017 fleet costs stood at KShs 15,524 million.
- o Overheads for the 9-month period, ended 31 December 2017 was KShs 15,537 million. In the prior year, ended 31 March 2017 overheads stood at KShs 24,500 million.
- o Loss before tax for the 9-month period, ended 31 December 2017 was KShs 5.97 billion. In the prior year, ended 31 March 2017 loss before tax closed at KShs 10.2 billion.

Although reporting an improved performance, the airline operated in a challenging environment. During the period, fuel price continued on an upward trend closing at USD 62 per barrel hence increasing the Group's operating costs by 9%. The Group's revenue for the period under review were heavily impacted by the elevated political tension as a result of the prolonged electioneering period which saw reduced transit and terminating passenger through our hub at JKIA.

## Capital optimisation

In November 2017, the Airline completed the capital optimisation plan involving a solvent and consensual restructuring of the Group's liabilities by converting short term loans from local banks and Government of Kenya into equity in-order to reduce its leverage position. The Government of Kenya further provided sovereign guarantee to enable aircraft financiers reschedule their payments in order to provide liquidity relief to the Airline.

## Outlook

Having concluded the financial restructuring, the Group is now focused on an operational turn around that will provide a stable base for long-term growth through an optimised network that creates more connections through our hub in Nairobi, drive efficiency in-order to reduce overall costs, as well as focus on improved service quality and delivery.

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 to Kenya Airways.



Michael Joseph  
Chairman

20th March, 2018