Ray of optimism as airline continues to grow revenues and narrow historical losses

- *Passenger and cargo revenue continue to grow for the 2nd year running*
- *Global peak in brent crude prices in 2018 gobble up Ksh7.5b of airline's bottom line*
- *FY 2018 results first release since financial period restatement*

Nairobi, April 30th… Kenya Airways Plc (NSE: KQ) today reported its FY2018 earnings, demonstrating consecutive growth in revenue and narrowed losses even as global report shows African airlines operated at 10% below estimated average in 2018.

The 2018 results are the first since the airline adopted a new financial reporting format to comply with International Accounting Standards (IAS 1, IAS 36 & IAS 37). The Group's and Company's financial statements include a restatement of the opening balances as at 1 April 2017.The statement of profit or loss and other comprehensive income figures and statement of financial position for the year ended 31 December 2017 have also been restated.

Kenya Airways recorded a total revenue of Ksh.114.18billion, where passenger and cargo revenue contributed to Ksh.95.1billon and Ksh.8.5billion respectively. The airline earned Ksh.10billion from other lines of business including; Ground handling services, Maintenance Repairs and Overhaul (MRO) and Training, amongst others
Fuel, personnel and the cost of aircraft remain the top 3 drivers of airline costs contributing to about two thirds of total cost. Of these costs fuel remains the most volatile and most airlines continue to hedge fuel prices to protect themselves from the volatility.

In 2018, the cumulative direct operating costs (DOCs) stood at Ksh.75billion, with fuel cost taking up Ksh. 33.06 which is about 44% of the total cost of operation.

"Oil prices increased significantly in 2018 to a three-year average peak of US$86/bbl (Brent Crude) in October before falling back down to a low US$51/bbl in late December 2018. Had the oil prices remained constant, within the 2017 range, we would have recorded a significant savings in fuel cost within the year. This would have been a the much-needed positive recording in our bottom line"

KQ's full year earnings for 2018 stood at a loss of Ksh.7.56 billion.

Mr. Mikosz however pointed out that while the drop in the oil price during the fourth quarter of 2018 gave airlines a slight reprieve, there is concern that they will rise again.

"We have a dedicated team looking at multiple solutions to cushion the airline against the shock of potential further rise in fuel cost and forex volatility in 2019. We are very optimistic that the turnaround strategies we have employed will deliver results." Mikosz added.

Cost of fleet ownership was recorded at Ksh.18.9billion and overheads including wages stood at Ksh.20.9billion. Operating profit margin has changed from 1.2% in the 9-month period ended 31 December 2017 to -0.6% in the year ended 31st December 2018.
Ends/…….

About Kenya Airways

Kenya Airways, a member of the Sky Team Alliance, is a leading African airline flying to 53 destinations worldwide, 43 of which are in Africa and carries over four million passengers annually. It continues to modernize its fleet with its 33 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 42 years of operations in January 2018 and was named Africa Leading Airline 2018 by the World Travel Awards. For more information contact: media.relations@kenya-airways.com