

February 16, 2010

JAZEERA AIRWAYS (JAZK.KW)

12-Month Fair Value: Under Review

Last Close (15 February 2010): KD 0.196

Recommendation: Under Review - Risk Level: Under Review

- Jazeera Airways announced the acquisition of Sahaab Leasing for KD 25.6 million. Sahaab Leasing was setup in 4Q2008 in order to address the aircraft financing needs of Jazeera Airways.
- Jazeera Airways plans to finance this transaction through a capital increase to existing shareholders that is expected to take place in 3Q2010 after obtaining necessary governmental approval.
- In December 2008, Jazeera Airways sold and leased-back six aircraft from Sahaab Leasing. In 2009, Jazeera Airways received two new Airbus A320s that were financed by Sahaab Leasing and transferred all pre-delivery payments (for the 30 aircraft on order) to the leasing company. The last major transaction between the two entities was the financing of the aircraft that joined the Jazeera Airways fleet in January 2010. In total, Jazeera Airways has 11 aircraft in its fleet, of which nine are leased through Sahaab Leasing.
- The acquisition of Sahaab Leasing will have a material impact on the financial statements of Jazeera Airways. We will be waiting for more information from the company regarding the transaction. Accordingly, we are withdrawing our previous forecasts and recommendation on Jazeera Airways, and placing the company "Under Review."

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Related Research

- Jazeera Airways Update - 27 January 2010
- Jazeera Airways Update - 22 October 2009

RISK AND RECOMMENDATION: GUIDE

RECOMMENDATION		UPSIDE (DOWNSIDE) POTENTIAL		
BUY		MORE THAN 20%		
ACCUMULATE		BETWEEN 5% AND 20%		
HOLD		BETWEEN -10% AND 5%		
REDUCE		BETWEEN -25% AND -10%		
SELL		LESS THAN -25%		
RISK LEVEL				
LOW RISK			HIGH RISK	
1	2	3	4	5

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