

May 18, 2009

JAZEERA AIRWAYS (JAZK.KW)

- Jazeera Airways has released a limited amount of information regarding its performance in 1Q2009, which were below our expectations.
- According to the press release, the airline achieved revenues of KD 10 million which represents a decline of 7.5% y-o-y. This result is 20% lower than our forecast of KD 12.5 million in total revenue for 1Q2009.
- Jazeera Airways posted a net loss of KD 1 million in 1Q2009. This result is rather disappointing; however, we do not have enough information to make a final judgment.
- Considering that our revenue forecast for 1Q2009 was pretty conservative, as it reflected a year-on-year decline in yields of 4% (17% quarter-on-quarter) and a load factor of 65% (1Q2008 load factor was 71.4%), and that the actual result was 20% weaker than our forecast we believe that the problem in 1Q2009 is at the top line. We do not have the operating statistics yet, but the weak sales figures achieved by Jazeera Airways could be a result of drops in both yields and load factors. It is important to note that Jazeera Airways had 6 aircraft in 1Q2008, while the number of aircraft in 1Q2009 was 8.
- We will be providing more details as soon as the company releases further data.

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