



QUARTERLY PERFORMANCE REPORT

PERIOD ENDING 30th June 2011

PERFORMANCE INDICATORS

		UNIT	ACTUAL	ACTUAL SAME PERIOD LAST YEAR	VARIANCE	ACTUAL	ACTUAL SAME PERIOD LAST YEAR	VARIANCE
			A	B	C	D	E	F
			1	Pre-tax Profits	Kshs. '000	353,662	(173,094)	526,757
2	Debt/Equity Ratio	%	15%	15%	0%	15%	15%	0%
3	Return on Investments	%	1.3%	2.5%	-1.2%	9.5%	2.5%	7%
5	Development Index	%	31%	14%	17%	84%	55%	29%

COMMENTS ON FINANCIAL PERFORMANCE THIS YEAR RELATIVE TO SAME PERIOD LAST YEAR:

1.0 Pre-Tax Profits

The pre-tax profit for the period under review increased by Kshs.615 million compared to the same period as explained below:

1.1 Revenues

Revenues for the period under review improved by 16% (Kshs 1.03billion),in comparison with similar period last year, due to the following factors;

1.1 Landing & Parking fees:- Improved by 16% in comparison to similar period last year due to:

- Qatar Airways increased its frequencies from 7 flights to per week to 14 flights per week
- Kenya Airways introduced new destinations such as Libreville, Brazzaville, Gaborone and Ndola, while increasing frequencies to MIA, Bujumbura, Kigali, Johannesburg, Juba and Malindi. Also started a new route to Rome during the year.
- Emirates increased use of a bigger aircraft B747 for cargo flight from an average of 6 flights per month to 13 flights month.
- Turkish Airline increased the flights to twice a day from a daily flight.
- Fly 540 introduced flights to Mara, Kitale, Kakamega and Eldoret
- Egypt Air increased frequencies from 20 to 30 a month.
- Neos increased its frequencies from 2 flights per week to 5 flights per week
- Air Uganda operated three flights per week from one flight per week
- Blue Panorama operated two flights per week from one flight per week.

Table 1-Aircraft Movements

Airport/Airstrip	Cumulative to-June		
	2009/10	2010/2011	Change
Jomo Kenyatta Int. Airport	82,903	92,864	12.0%
Moi Int. Airport	22,526	27,701	23.0%
Eldoret Int. Airport	3,853	4,832	25.4%
Wilson Airport	69,325	78,023	12.5%
Kisumu Airport	6,483	7,251	11.8%
Malindi Airport	9,163	8,883	-3.1%
Lokichoggio Airport	5,559	4,641	-16.5%
Manda Airstrip	3,899	5,514	41.4%
Ukunda Airstrip	7,523	10,025	33.3%
Total	211,234	239,734	13.5%

- Aircraft movements improved in all Airports except Lokichoggio

1.2 Airport Passenger Service Charge –

Passenger Service Charge increased by 26% (Kshs 628 million) to reach Kshs 3.05 billion compared to the same period last year of Kshs 2.42 billion, as a result of increased passenger numbers as shown on the Table 2 below.

Table 2-Passenger Throughput

Airport/Airstrip	Cumulative to-June		
	2009/10	2010/2011	Change
Jomo Kenyatta Int. Airport	5,253,685	5,837,258	11.1%
Moi Int. Airport	1,193,556	1,397,265	17.1%
Eldoret Int. Airport	81,868	86,351	5.5%
Wilson Airport	233,723	263,979	12.9%
Kisumu Airport	202,697	244,805	20.8%
Malindi Airport	81,183	95,126	17.2%
Lokichoggio Airport	26,065	16,101	-38.2%
Manda Airstrip	47,521	58,004	22.1%
Ukunda Airstrip	44,909	61,343	36.6%
Total	7,165,207	8,060,232	12.5%

- Major increases in passenger numbers were observed at JKIA, MIA, Kisumu Airports and Ukunda and Manda Airstrips which benefited mainly from enhanced activities by the budget carriers. Factors influencing the growth in aircraft movements also contributed to the growth in passenger numbers.

1.3 Airbridge Charges

- The performance of the Air-bridge subsector has been rising steady in tandem with growth in traffic. Airlines such as Qatar and Turkish who have increased operations as well and changed the types of

aircraft operating into NBO have been utilizing the air-bridges more than before. Further due to the development of the remote parking, aircraft with long turnaround times are re-positioned to enable others use the air-bridges. Also re-habilitation of 3 airbridges at MIA has contributed to the increase in revenue.

1.3 Land Rent

The following main activities were carried out;

- In August 2010 Mitchell Cotts and Siginon freight were allocated 175,184 sq ft and 230,350 sq ft respectively to construct cargo handling facilities on BOT terms. This brought in an additional Kshs 5,576,093.00.
- Air India surrendered space they held in the air side, the same was allocated to Trade Winds Aviation in May 2011 at Kshs 1,723,386 per annum. We were previously not getting any revenue from Air India since they were paying to the commissioner of lands.
- Kenya Aerotech made a partial surrender of space previously allocated for equipment parking, the surrender reduced land rent by Kshs 2,000,000.00. The space surrendered has not been allocated to any other operator and can only be taken up by ground handling companies.
- BA surrendered some space which was taken by KQ.
- Kenya Data Network and BenAir were allocated land at MIA.

1.3 Building Rent

Building rent increased during the year due to the following;

- Aero space consortium relocated to a bigger office and their rent went up by Kshs 236,450.00 during the period
- Air India vacated their offices in unit II which were taken by Air Uganda.
- The lease for BA was renewed at higher rates, additional rent was Kshs 2,772,359.
- Cargo service centre surrendered offices in Cargo in December 2010. Rent for the remaining two quarters was Kshs 6,611,238.
- Jet link express was allocated new offices in unit III, who's additional rent was Kshs 453,843.00
- Profile investment surrendered one of their offices which was given to Juba Airways

- KDF rent progression on their unit one offices additional rent was Kshs 402,815.00
- Lease for Kenya Aerotech was renewed at a higher rate, giving an additional rent of Kshs 296,818
- NAS – lease was renewed at higher rates the additional rent was Kshs 16,069,734.
- Condor, Fly540 and Across Africa offices were renewed at higher rates and both are based in MIA.

1.4 Duty free income:-

- Towards the end of the second quarter of the financial year, the authority re-possessed 1,083.14 sq meters of space from various concessionaires in the departures. This was meant to create more space for passengers' comfort. Consequently duty free income reduced by US\$ 237,431 compared to the year 2009/10 this reduction was not entirely factored in the revised budget because the actual measurement of the remaining space had not been completed. The space available in duty free area is now 1,890.47 sq metres down from 2,973.61 sq metres.

1.5 Advertisement Income:

The revenue increased from Kshs. 83 million to Kshs. 133 million due to uptake of some spaces at JKIA and MIA.

2.0 EXPENDITURE

The total expenditures reached Kshs.4.7 billion in comparison with Kshs.4.2 billion incurred in the similar Period last year. The increase was due to the following;

2.1 **Staff costs:** Increased from Kshs 1.9billion to Kshs 2.1 billion due to the following reasons:

- Review of salaries
- Additional staff mainly in security, Audit, customer care and ICT

2.2 **Administration expenses:**

2.2.1 Training expenditure went up by Kshs.16 million due to increased trainings in areas of Security, Customer care and Risk.

2.2.2 **Security training:** this was used to train the new security staff at Manyani.

2.2.3 **Electricity:** this expenditure went up by Kshs.20 million due to upward rising of fuel cost and correction of an error in meter reading at JKIA by Kenya Power.

2.2.4 **Water:** the expense on water increased as a result increased activities in the Airports during the year. Also the rates of supplying water to MIA increased as a result of using private firms.

2.2.5 **Cleaning services:** the expenditure went up by 29%(Kshs.22 million) due to inclusion of additional areas, which were not covered in the previous contract.

2.2.6 **Environmental preservation:** the expenditure on this vote increased by 9% (kshs.6.8 million) in comparison to last year due to inclusion of additional areas in the contract mainly covering the airside.

2.3 **Purchase of stores:** there was a reduction of 17%(Kshs 18million) in comparison with the similar period last year mainly due to exclusion of foam compound which was purchased last year. However, the following budget lines increased:

2.3.1 **Petrol and fuel:** the prices for fuel cost during the quarter increased to an average of Kshs 116 per litre compared to an average of Kshs 80 the previous period.

2.3.2 **Printing and stationary:** the increase on stationary is a result of general increase in market prices of toners and other printing materials.

2.4 **Repairs and maintenance:** Increased by 15% (Kshs 54 million) in comparison with similar period last year due to the following reasons:

2.4.1 **Buildings:** the expenditure on this vote increased from Kshs 41 million to Kshs 99.7 million in the year, due to product improvement initiatives covering areas such as painting of terminal buildings, replacement of tiles and roof repairs.

2.4.2 **Fuel Hydrant:-** the increase was due to additional hydrant bits, which were not covered in the contract and also the 5% factor increase to cover for annual inflation.

2.4.3 **Roads and parking ground:** increased by Kshs 39 million due to;

- Rehabilitation and sealing of potholes in airport roads
- Marking works on the roads

2.5 **Other Operational costs**

The expenditure covers bank charges, foreign exchange loss and commissions for APSC.

2.6 Finance Charge

This mainly caters for interest on loans for AFD, KBC (Belgium) and World Bank. The remittances are mainly in the months of April, May and November.

3.0 Debt/Equity ratio

The debt ratio was 15% , the same as the previous period.

4.0 Return on investments

The return on investments increased by 7% in comparison with similar period last year, due to improved performance.

5.0 Development Index

The development index increased by 29% in comparison with similar period last year, due to the implementation of the following projects .

- JKIA unit 4 Expansion project
- Kisumu expansion project
- Malindi and Manda terminal building construction