

KENYA AIRPORTS AUTHORITY
FINANCIAL PROJECTIONS FOR EXTERNAL REPORTING

INCOME STATEMENT: Year ending 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Audited M KShs	Projected M KShs	Budget M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs	Forecast M KShs
Aeronautical revenue	4,759	6,983	7,314	9,504	10,584	11,789	12,942	14,218	15,634	17,203	18,699	20,334	22,119	24,057	26,187	28,319	30,630	33,693	37,062	40,769	44,846
Non-aeronautical revenue	1,436	1,775	1,915	2,221	2,493	2,692	2,908	3,143	3,398	3,675	3,975	4,301	4,656	5,041	5,460	5,915	6,410	6,949	7,534	8,107	8,762
Operating Revenue	6,195	8,758	9,228	11,725	13,076	14,481	15,850	17,361	19,031	20,877	22,674	24,635	26,775	29,098	31,647	34,234	37,040	40,642	44,596	48,876	53,607
Non operating Revenue	48	25	26	28	29	30	32	34	35	37	39	41	43	45	47	49	52	55	57	60	63
Staff costs	1,922	1,762	1,921	2,094	2,282	2,488	2,712	2,956	3,222	3,512	3,828	4,172	4,548	4,957	5,403	5,889	6,420	6,997	7,627	8,313	9,062
Depreciation	717	872	1,115	1,319	1,406	1,455	1,491	1,547	1,602	1,626	1,650	1,661	1,673	1,684	1,695	1,707	1,718	1,729	1,741	1,752	1,763
Repairs and maintenance	318	449	465	483	491	498	506	514	522	531	539	548	556	565	575	584	593	603	613	623	626
Foreign exchange loss (gain)	(62)	65	25	27	29	31	33	35	38	41	43	47	50	53	57	61	65	70	75	80	85
Other operating Expenses	977	1,707	1,131	1,155	1,218	1,258	1,302	1,344	1,389	1,438	1,490	1,540	1,594	1,651	1,711	1,776	1,840	1,909	1,982	2,059	2,125
Operating Expenses	3,872	4,857	4,657	5,078	5,426	5,730	6,043	6,396	6,774	7,147	7,550	7,968	8,420	8,910	9,441	10,016	10,636	11,308	12,037	12,828	13,561
EBIT	2,371	3,926	4,597	6,674	7,680	8,781	9,838	10,999	12,293	13,767	15,164	16,708	18,397	20,233	22,253	24,267	26,456	29,388	32,617	36,108	40,110
Interest	117	99	354	354	1,061	1,600	2,119	2,270	2,231	2,192	2,137	2,023	1,867	1,711	1,555	1,399	1,243	1,087	931	778	628
Tax	828	1,084	1,478	1,858	1,926	2,639	3,003	3,401	3,833	4,313	4,829	5,405	5,972	6,589	7,263	7,981	8,767	9,602	10,509	11,658	12,931
Net Profit After Tax	1,426	2,743	2,766	4,462	4,693	4,542	4,717	5,328	6,229	7,262	8,198	9,280	10,558	11,932	13,435	14,887	16,447	18,699	21,177	23,672	26,551

CASHFLOW: Year ending 30 June																					
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs	M KShs
Net Profit After Tax	1,426	2,743	2,766	4,462	4,693	4,542	4,717	5,328	6,229	7,262	8,198	9,280	10,558	11,932	13,435	14,887	16,447	18,699	21,177	23,672	26,551
Depreciation	717	872	1,115	1,319	1,406	1,455	1,491	1,547	1,602	1,626	1,650	1,661	1,673	1,684	1,695	1,707	1,718	1,729	1,741	1,752	1,763
Unrealised foreign exchange loss/(gain)	(62)	65	25	27	29	31	33	35	38	41	43	47	50	53	57	61	65	70	75	80	85
Interest expense	117	99	354	354	1,061	1,600	2,119	2,270	2,231	2,192	2,137	2,023	1,867	1,711	1,555	1,399	1,243	1,087	931	778	628
Income tax expense	828	1,084	1,478	1,858	1,926	2,639	3,003	3,401	3,833	4,313	4,829	5,405	5,972	6,589	7,263	7,981	8,767	9,602	10,509	11,658	12,931
Interest income	(48)	(25)	(26)	(28)	(29)	(30)	(32)	(34)	(35)	(37)	(39)	(41)	(43)	(45)	(47)	(49)	(52)	(55)	(57)	(60)	(63)
Cashflow I: EBITDA	2,978	4,839	5,712	7,993	9,085	10,237	11,330	12,547	13,898	15,397	16,818	18,375	20,077	21,925	23,959	25,985	28,187	31,132	34,374	37,880	41,895
Tax payments	(1,401)	(815)	(1,163)	(1,401)	(1,400)	(2,037)	(2,329)	(2,648)	(2,991)	(3,370)	(3,790)	(4,260)	(4,712)	(5,203)	(5,739)	(6,319)	(6,955)	(7,589)	(8,275)	(9,185)	(10,183)
Interest received	29	30	32	34	35	37	39	41	43	45	47	49	52	55	57	60	63	66	70	0	0
Changes in non cash working capital	694	(210)	(729)	(1,203)	378	(32)	353	497	(324)	375	362	316	167	(1,148)	(1,407)	(1,630)	(1,859)	(2,312)	(2,684)	8,874	6,420
Cashflow II: Available for debt service	2,300	3,844	3,852	5,422	8,099	8,205	9,393	10,437	10,626	12,447	13,438	14,480	15,584	15,628	16,870	18,097	19,436	21,298	23,485	37,569	38,132
EIB loan amortisation: Principal	-	-	-	-	-	-	-	-	-	476	476	476	476	476	476	476	476	476	476	476	476
EIB loan amortisation: Interest	-	-	74	180	318	423	423	423	423	409	381	353	325	296	268	240	212	183	155	127	99
AfD loan amortisation: Principal	-	-	-	-	0	476	476	476	476	476	476	476	476	476	476	476	476	476	476	476	476
AfD loan amortisation: Interest	32	201	381	423	423	409	381	353	325	296	268	240	212	183	155	127	99	71	42	14	0
World Bank loan amortisation: Principal	-	-	-	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	-	-
World Bank loan amortisation: Interest	78	98	98	94	88	81	75	68	62	55	49	42	36	29	23	16	10	3	0	0	0
KBC (Belgium) loan amortisation: Principal	299	299	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KBC (Belgium) loan amortisation: Interest	35	18	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing for Greenfield loan amortisation: Principal	0	0	0	0	0	0	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Borrowing for Greenfield loan amortisation: Interest	57	273	661	1,080	1,270	1,270	1,270	1,270	1,228	1,143	1,059	974	889	804	720	635	550	466	381	296	212
Cashflow II: Available for investments	1,799	2,955	2,485	3,482	5,837	5,382	5,176	6,256	6,522	8,001	9,138	10,329	11,580	11,772	13,161	14,536	16,023	18,032	20,527	34,751	35,918
Capital expenditure	(1,933)	(6,041)	(9,834)	(14,372)	(13,875)	(15,405)	(5,365)	(6,152)	(5,952)	(8,027)	(10,225)	(10,495)	(11,495)	(11,420)	(11,422)	(16,422)	(14,422)	(16,422)	(18,422)	(31,422)	(26,422)
Loan drawdowns	563	2,068	6,569	9,282	8,782	9,996	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flows from debt service reserve account	-	-	-	334	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flows from Airstrip Fund	859	1,009	1,576	1,400	975	900	900	900	900	975	975	975	975	900	900	900	900	900	900	900	900
Airstrip Fund expenditure	(379)	(379)	(976)	(1,400)	(975)	(900)	(900)	(900)	(900)	(975)	(975)	(975)	(975)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(900)
Investment in Government Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow III: Available for Distribution	909	(387)	(181)	(1,274)	745	(27)	(188)	104	570	(26)	(1,087)	(166)	85	352	1,739	(1,886)	1,601	1,610	2,105	3,329	9,496
Dividends payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cashflow V: Residual	909	(387)	(181)	(1,274)	745	(27)	(188)	104	570	(26)	(1,087)	(166)	85	352	1,739	(1,886)	1,601	1,610	2,105	3,329	9,496
Opening Balance	1,519	2,428	2,040	1,860	586	1,330	1,303	1,115	1,219	1,789	1,762	676	510	595	947	2,686	799	2,400	4,010	6,115	9,444
Closing Cash balance	2,428	2,040	1,860	586	1,330	1,303	1,115	1,219	1,789	1,762	676	510	595	947	2,686	799	2,400	4,010	6,115	9,444	18,940

ASSUMPTIONS USED

1. ECONOMIC ASSUMPTIONS

- a. Exchange of 1 US\$ to Ksh. 85

2. TARIFF ASSUMPTIONS

- a. Passenger Service Charge to be reviewed from 1st October 2011 \$30 and from 1st July 2012 US\$37 (KCAA \$3) for International Departures while for domestic passengers Kshs.300 up to October 2011 and then be reviewed to Kshs.400 from October 2012
- b. Rental rates to be reviewed bi-annually
- c. Concession rates to be reviewed from 1st September 2011

3. TRAFFIC ANALYSIS ASSUMPTIONS

- 1. Passenger Traffic is forecast to grow by 7% based on Historical analysis up to FY 2013 and 10% onwards based on KAA Consultants forecast.
- 2. Aircraft movements to grow by 5.0%, based on ACI forecast for Africa, recent growth indications and consultancy reports.
- 3. Cargo growth by 10% based on historical Experience.

4. REVENUES ASSUMPTIONS

- (a) Landing and parking fees - to grow by 5.0% based on the average aircraft movement
- (b) Passenger service charge to grow by 7% based on historical trends for passenger traffic.
- (c) Airbridge Income: The commercial International bound aircraft landings will be using the Passenger Boarding Bridges (PBB) at a uniform rate of US\$75 and 75% of international aircraft will use the PBB.
- (d) Rent income: Terminal 4 to be operational by July 2013.
 - A total area of 1,050 sqm will be available for commercial purposes(offices,retail and duty free shops) at the current rates creating Kshs 70m p.a. from 2012/2013
 - Bi-annual rent increase of 20% after every two years an average of 10%p.a increase as been assumed
 - Greenfield terminal -30% of the total area of 178,000 sqm to be allocated to commercial purposes.
- (e) Cargo income by 10%
 - (f) New Duty free shops income from unit 4 to cover an area of 6,722sqm @USD 345 p.a
 - (g) Car Parks: From July 2013-A total area of 60,566 sqm will be created handling 1902 parking slots against the current 1250 parking slots - It is assumed KAA will manage an automated system and derive revenue directly thus revenue from this line will go up by 30% in 2013/2014 (Car park revenue is expected to grow by 5%(Growth of passengers and efficiency of capturing all vehicles)
 - (h) Catering Revenue(In-flight): The existing contract with NAS will continue. However, the growth of 7% p.a will be related to passenger movements and entry of one more competitor from FY 2013.
 - Ground handling income to increase by 30% from 2014/2015 due to increased volumes at main airport and at Old Embakasi
 - (i) Water, Electricity and Telephone : These are recoveries, the growth will be 7%, related to passenger traffic.
 - (j) Other incomes assumed to grow by 7%, based on passenger traffic growth.
 - (k) Advertising revenue to increase by 50% from 2011/2012 due to the expanded facilities
 - (l) Cure income will grow at JKIA by 30% from 2011/2012 after installation and commencement of a new contract.
 - (m) Expected is \$1 million p.a from the Airport hotel being concession from 2014/2015
 - (n) Land to be leased at Old Embakasi and other leases to improve land rent by 20% from 2014/2015

5. EXPENSES ASSUMPTIONS

- (a) Salary and Wages to grow at 9%, to cater for salary increments and additional staff for expanded facilities
- (b) Other staff costs: These includes house allowances, overtime, pension, medical e.t.c, This will grow by 9% related to salaries
- (c) Telephones will decline by 2% annually from FY 2011/2012, following computerisation of KAA processes
- (d) Electricity will grow by 10% p.a, the increase will be due to expanded facilities .
- (e) Insurance expenditure will grow by 10%, due to additional facilities
- (f) Repairs and maintenance: The cost for maintenance for equipment has been assumed to grow by 1% p.a based on Total assets
- (g) Purchase of stores- covers cleaning materials, petrol, foam compound etc and will grow by 2%
- (h) Other operating expenses: to grow by 2%, due to anticipated business savings on processes improvements
- (i) Tax rate constant at 30% p.a.
- (j) Financial Charges- This is the commission of 2% to KRA for collection of passenger service charge assumed to remain constant through the period.

7. DEBT FINANCING ASSUMPTIONS

- (a) The grace period for the loan 5 years
- (b) The repayment period 15 years
- (c) The interest rate 6% p.a and fixed throughout the period.
- (d) The first drawdown expected in July 2012 up to July 2014

8. CAPITAL DEVELOPMENT PROJECTS ASSUMPTIONS

- (a) Projects will be implemented as planned
- (b) No risks anticipated

9. NIL DIVIDEND PAYMENTS ASSUMED

