

Aviation |

KQ averts loss of Sh310 million aircraft deposit

John Mutua

Kenya Airways (KQ) has secured an extension of the validity period for a Sh310 million non-refundable deposit to Boeing, helping the national carrier avoid another hit to its bottom-line.

KQ chief executive Allan Kilavuka yesterday confirmed the extension that will last for at least a year.

The move has helped the national carrier avoid a further dent to its books at a time KQ slid into a full-year loss of Sh36.26 billion in the year ended December.

Kenya Airways made the deposit to the US plane maker to buy new crafts and boost its fleet amid stiff competition from continental rivals mainly, Ethiopian Airlines.

"Yes we have agreed to an extension with Boeing," Mr Kilavuka told *Business Daily*.

"The extension would be for at least one year to mid next year. The



KQ aircraft deposits

THE DEPOSITS ARE NON-REFUNDABLE

Year	(Sh mn)
2019	292
2020	275
2021	280
2022	310

SOURCE: COMPANY REPORTS

extension is not limited to new aircraft but for any service or good from Boeing." KQ had in its annual report for last year said it risked losing the money given deposits made for plane purchases are not refundable if a carrier fails to make the buy.

The deposit had risen from Sh280 million in 2021, although KQ did not disclose whether the increase was due to additional cash being put in or due to exchange rate movements of the shilling against the dollar.

KQ more than doubled its loss from Sh15.87 billion in the year to December 2021 at the back of sky-rocketing fuel prices and debt, further making it hard for the airline to buy new aircraft.

Mr Kilavuka, however, declined to reveal the number of new aircraft that KQ is eyeing and the timelines amid growing losses that have placed the airline in a shaky financial state.

Rivals such as Ethiopian Airlines have been on an ambitious plan to grow their fleet and maintain an edge in Africa's aviation industry by offering passengers new experiences.

Ethiopian Airlines last year converted existing orders of A350-900 for A350-1000 model, making it the first African carrier, yet again to own the largest variant of the Airbus A350 models further pulling clear of KQ.

Ethiopian Airlines has the largest fleet in Africa, including Boeing and Bombardier planes and remains keen to further grow the fleet.

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Manufacturing |

Boeing says priority is current certifications

AFP

Boeing will focus on successfully completing plane certifications, shortening its supply chain and improving technologies in development before launching a new plane model, said chief executive Dave Calhoun.

"You have to be patient, you have to get your ducks lined up," Calhoun said at a briefing at Boeing's Charleston, South Carolina factory organised Tuesday and Wednesday ahead of the Paris Air Show in late June.

The aviation giant's top technology efforts under development include greater use of composite materials and autonomous systems.

"There's a lot of homework going on, a lot of regular testing, so that if we decide to include it, it's mature enough to do so," he said.

Boeing currently has three commercial aircraft at various stages of the certification process. These include the shortest version of its best-selling 737 MAX, the 737-7, as well

as the longest in the 737-10. The third jet moving through the US regulatory process is the long-distance 777X. "It's an enormous amount of work at scale to move through all of those certifications," Calhoun said.

Mike Flemming, who heads Boeing's development programmes, said Wednesday that certification of the 737-7 was taking longer than expected.

"The amount of documentation that we're producing on these airplanes relative to what we've had to produce in the past is considerably much larger," said Flemming, adding that they still hope to receive final approval for the jet by the end of the year. The company also expects to be cleared to undertake certification flights on the 737-10 "within this year," Flemming said.

Calhoun cited the pandemic-era supply chain constraints in explaining the company's waiting approach to advancing new jet designs, noting that key suppliers have struggled with staffing shortages.

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PROMOTING RESILIENT AGRICULTURE IN EAST AFRICA

With the erratic weather patterns of today, rain-fed agriculture can no longer be relied upon to deliver food security. Resilient Agriculture has been identified as the route to take for agricultural sustainability, climate change adaptation, and farmers empowerment in Africa.

The *EastAfrican* newspaper has scheduled a special report on Resilient Agriculture in East Africa, to help champion wider adoption of stress-tolerant crop varieties and livestock species, modern irrigation, mechanisation, and insurance; and the deepening of farmers training and digital agro-advisory services.

We are inviting organisations supporting resilient agriculture across the region to join us by taking up space to share knowledge on the benefits of their concepts, projects, products, or services to farmers.

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