

Air Astana

CONFERENCE CALL ON AIR ASTANA'S RESULTS FOR THE Q4 and FY 2024

Moderator:

Ladies and gentlemen, thank you for standing by. And I would like to welcome you to Air Astana Q4 full year 2024 results conference call. I'll now pass the line to Ms. Irina. Please go ahead.

Irina Martinez: Thank you, operator. Good morning or good afternoon, ladies and gentlemen. Welcome to Air Astana Group's Q4 and full year 2024 results presentation. Thank you for joining us today. I'm joined today by our CEO, Peter Foster, and our CFO, Ibrahim Canliel. They will take us through the company's performance during the year and the group performance of the year. After the presentation, we will conduct a question and answer session. We hope to get through as much as possible today. But if you have any follow-up questions or clarifications, please email investor relations team. The presentation, earnings release, and other materials, along with IFRS financial support, are available on our IR website. With that, I will hand over to Peter. Peter, please go ahead.

Peter Foster:

Thank you, Irina. And it's very nice to have the opportunity to speak to you today, this morning or this afternoon, depending on where you are. And I'm pleased Ibrahim and myself, who are here, are delighted to be able to announce the first full year results following the successful IPO that was conducted across three exchanges in February 2024. So this is our first annual result announcement since that event. And I am, of course, pleased to be able to announce some very solid and strong results. Total revenues for the group are up by 12.4%. Adjusted EBITDA up by 16.1% to \$338.6 million. An adjusted EBITDA margin of 25.9%. An increase of almost 1 million passengers to 9 million passengers carried at an improved load factor of 87.1%. 57 aircraft at the end of that year. That's now increased to 60 as of last week. We have signed, last year in 2024, we signed an MOU with Japan Airlines for flights to Tokyo in 2026. Now we have a more immediate event about which to inform you. That is the signature of an MOU, a Memorandum of Understanding with China Southern Airlines, which we hope to turn into a formal, wide-ranging co-chair agreement covering both China and Kazakhstan and Central Asia very soon. And China Southern Airlines, if I might just remind you, is a powerhouse airline in China that presently operates a fleet of 910 aircraft. So one of the largest airlines in one of the largest markets in the world. So this is all good news. And we are obviously very pleased to be able to announce not only this strong result, but we're also able to announce a dividend payment of both an ordinary and a special dividend, which combined together equates to a dividend yield of approximately 7.2%, which is at the top end of the dividend range for the airline industry. There have been other airlines that have announced dividends of a similar magnitude in the recent past. But all of them are characterized by very strong balance sheets, very strong operating results, very strong cash balances, and very strong cash-to-EBITDA and debt-to-EBITDA ratios. And that's absolutely where we find ourselves. So after these strong results, we were able to make the announcement, as I say, not only of the ordinary dividend at the top end of the range, but also a special dividend, which I repeat, translates to a dividend yield of 7.2% on the present share price. So just to perhaps expand a little bit on these headline numbers, I should also mention that we have revised the dividend policy from 20%, which was in the policy that we published at the time in the IPO a year ago. That has been revised with agreement with the board of directors, from 20% to a range of between 30% and up to 50%. So going forward, let me just repeat that, we now have a policy approved by the board of directors that will enable us to pay a dividend up to 50% of net profit as we go forward into the future. So I think that really sums up the key points that we wanted to discuss with you as headline figures. But I think a very important point to mention is that there were really two significant headwinds last year, or three significant headwinds last year in the airline industry. One was the pressure on unit cost through high inflation, not just here, but throughout the world. Second or two was the pressure on unit yields, which seemed to reflect a slowdown in price increases over the course of the last 18 months. And third, specific to us and many other airlines, has caused the problem of the Pratt & Whitney engines, specific to the power of metal contaminating various spare parts of those engines, resulting in those engines having to come off the wing and causing aircraft to be grounded. If I can just tackle all of those three in the order that I raised them, at the beginning of the year, you will remember that when we announced Q1 2024, there was a significant negative difference between unit cost and unit revenue. That narrowed in quarter two. It

was nearly eliminated in quarter three. And in quarter four, we completely reversed it. So in quarter four, unit revenues were up by 6.6%. Unit cost was up by 2.6%. So that is a positive differential of plus 4%. And you can see the trend that has therefore taken place during the year. And that evidently is a very positive trend in the right direction, in going in the right direction. And that's, of course, one of the reasons why we were able to announce such strong Q4 results. And that's the reason why we've been able to announce these strong four-year results. And that is the reason, of course, obviously why we have felt in a position to pay a dividend, not only at the top of the range, but also the special dividend, as I have mentioned. As far as fighter metal is concerned, those issues, of course, do persist, as we had already said. But notwithstanding those problems, we have been able to manage the fleet in such a way that we have grounded a number of aircraft during the low seasons to enable those aircraft to be used within the limits of the constraints caused by the fighter metal problem in the peak seasons. And that, again, is a trend that will continue into 2035, i.e. we will have the maximum number of aircraft available to us in the peak seasons. So that really concludes sort of my part of the presentation. I'll hand over to Ibrahim now, and then, of course, we'll have a Q&A.

Ibrahim Canliel:

Thank you, Peter. Good morning, good afternoon to all ladies and gentlemen. Starting off with the Q4 results, despite the fact that Q4 is normally a slow season, it has been an extremely strong quarter with improvements across all key metrics for both of our brands, and, of course, impacting positively on the year closure. With 5.8% capacity growth and RPKs growing by 9.2%, the load factor in Q4 is up by 2.6 percentage points, from 79.1% to 81.7%. The RASK, excluding NRIs in Q4, improved by 6.6%, as Peter just referred to, opposed to a 2.6% unit cost increase and increasing or turning the delta to positive in Q4 with 4 percentage points. This was achieved by proactively managing the capacity in favor of higher margin routes and maintaining our core focus on efficiency across both of our brands of Air Astana and Fly Arystan. Overall, for the industry, 2024 was a challenging year. Airlines have experienced continuous cost inflation, unit revenue pressures, and restrictions by the OEMs, which limited the industry capability to expand capacity and EBITDAR. I'm pleased, therefore, to report on the strong results of the Air Astana Group in line with expectations that we set out at our IPO a year ago. We have before explained the advantage of our dual-brand model, allowing us to align capacity to the highest margin business and thanks to our unique geographical location, how we are able to dynamically reallocate capacity. 2024's results illustrate a successful execution of this dynamic capacity management. Our soon Q4 has resulted in a positive performance for the full year, with a 9.2% ASK growth and 10% RPK growth. The load factor improved by 0.7 points from 72.8 to 83.5% for the year. And as we previously discussed, RASK was managed upwards to 2.6% for the year, almost entirely offsetting the 2.7% increase in the unit costs and differentiating us from the rest of the industry. For the full year, revenue increased by 12.4% to \$1.3 billion and adjusted EBITDAR of \$338.6 million up 16.1% year-on-year and ahead of the 9.2% increase of our ASK. Our full year EBITDAR margin of 25.9% marked an increase of 0.8 percentage points, demonstrating our efficiency with one of the highest EBITDAR margins in the industry. Our balance sheet remains strong with an improved cash-to-sales ratio to 37.3% ahead of available facilities and a low leverage of 1.2 times net adjusted debt to EBITDAR, gearing well below the guided range that we set. The confidence driven by the combination of strong results in 2024 and a balance sheet well ahead of our guidance enabled us to make the proposal for an ordinary dividend ahead of schedule, as well as the special dividends that Peter referred to, and we'll be reverting back into the further part of the presentation. And with that, I will be handing back over to Peter.

Peter Foster:

Right. So we ended the year, as I think I've already mentioned, in fact, we ended the year with an increased and simplified fleet ahead of the plan. So we ended the year with 57 aircraft in total. That number has increased to 60 aircraft as of now. But the E2 fleet obviously is now out of service. In fact, there's one remaining E2 fleet that is remaining to be redelivered at this time to the workshop to have its engines removed in accordance with its return conditions. And that effectively means that the fleet has been simplified to the simplest fleet profile that Arystan has ever had. In fact, in its 23 years of existence, we're now down to effectively two fleets, the Airbus 320 family fleet and the three Boeing 767s. We added more Airbus family aircraft last year, eight A320s and two A321s. And as I mentioned, the E2s was taken out of service and the last E2 will leave the country very shortly. We also have modified a number of our A321 long range aircraft with a third fuel tank. Now you'll be aware, of course, that Airbus have launched last year, the A321XLR, XLR standing for extra long range. We have decided not to take the XLR. It's an expensive aircraft in terms of its purchase and operating lease price. And so we decided that we would modify our LRs through an improvement plan with Airbus to add a third auxiliary center tank. That's been greatly successful. We've modified four aircraft so far. We have two more to go. So we've done six by the time summer rolls around. And that has enabled the range of the aircraft to increase

from around 3,600 nautical miles to 4,200. And that means that we can fly nonstop from Almaty to London now with a full payload. We can fly nonstop from Almaty to Seoul with a full payload, from Almaty to Fukuoka and Phuket, from Astana to Phuket, and next year from Almaty to Tokyo. So it's quite a major development there. And we're very happy with the performance of that aircraft. I think we've talked about Pratt & Whitney engines sufficiently. So I don't propose to go into any more detail on this other than to say that we have this program that we've been now operating for the better part of 18 months whereby we ground aircraft in the low season. And what that does, of course, is it preserves the life of the spare parts affected by the powder metal problem. It preserves the life, which means that we can keep those aircraft on, those engines on wing longer by virtue of not flying them so that by the time the peak season rolls around, we can bring those aircraft temporarily back into service without exceeding the reduced life of the spare parts affected by powder metal. We did also take a further four A320CEO, that's the older type of Airbus A320, which is powered by the V2500 engine, which does not have that Pratt & Whitney problem. And we also were able to successfully conclude agreeing with Pratt & Whitney to acquire extra engines, extra Pratt & Whitney 1100 engines. That's the engine that's affected by powder metal and enable us to put those engines on wing and have those aircraft flying. So I think that sums up that side of the Pratt & Whitney. See if we can go to the next slide. Ibrahim, I think I'll pass back to you.

Ibrahim Canliel:

Thanks, Peter. We're back to the financials for the group and for the fuel brands. And despite the industry-wide challenges, we grew our ASK by 9.2% as we continue to ramp up capacity in high-growth markets to protect our yield, benefiting from our unique position in the heart of the world here. You can see again that we largely offset the unit cost pressures in the year by increasing the revenue per ASK by 2.6%. And the RASK-CASK differential that improved progressively over the first, second and third quarters, turned to positive in Q4 with a positive delta of 4 percentage points. We had guidance earlier that in 2024, the CASK growth would be exceeding the RASK growth. So we are pleased that our actions mean that across the full year, the two indices have broadly aligned. The revenue grew by 14.3% in Q4 and the EBITDA by 39.6% with the 4.1% improvement in margin, maintaining it as one of the best in the industry. Turning to the breakdown by brand, Aerostatic grew its capacity by 7.3% in 2024, which was largely driven by international network growth accounting for 80% and the higher margin routes in Asia. RASK excluding NRI and intergroup revenues decreased by 1.3% in the year, despite industry-wide pressures. And this was ahead of the CASK growth of 0.5% considering the positive trend between the RASK and the CASK that had been positive since Q1 for the Aerostatic brands. For the full year, revenue grew by 8.7% to \$963.4 million and EBITDAR was up 7.7% to \$237.2 million at a stable margin of 24.6%. The Aerostatic brand in 2024 accounted for 70% of the ASK, 70% of the group revenue and 70% of the group EBITDAR. Fly Arystan on the other hand, continued its high growth performance in the underserved domestic and central Asian markets. In 2024, Fly Arystan increased its capacity by 13.9% and RPKs by 11.4% with the addition of five aircrafts in 2024 and another two that have followed in the subsequent period in 2025. The load factor remained very high at 87.3% flown or 90% on a salt basis. The RASK performance of 7.8% growth meant that the revenues grew by 24.3 percentage points, over 10% higher than the ASK growth underpinning the strong results of Fly Arystan in 2024. It is encouraging that after a year of consolidation for Fly Arystan with still impressive double-digit growth, the fourth quarter tells us that Fly is in a good place competing for capacity within the group. We have expanded capacity this year while proactively managing the Pratt & Whitney issues that Peter has gone into detail before to support both growth and yield. The fleet growth from 49 to 57 in the year was ahead of the guidance, rising to 60 as of today and well on track for 63 aircraft by the year ends. Fly continued to stimulate the local air traffic with domestic capacity up 21.9%. ASK of the group ended up the year with 131% up above 2019 levels and with the load factor also higher at 83.5% with 0.7 percentage points growth over 2023. This was driven by growing demand across our extended home market in Central Asia and Caucasus as well as the nearby mega markets. As with the engine challenges, we have proactively managed capacity to support the margins. The group's flexible dual brand model has enabled us to generate internal competition for capacity between the two brands as well as our routes based on the highest margin. This has proven to be extremely effective maximizing both load factor and marginality again in 2024. As a result of the successful execution by the commercial management team, we have once again positively differentiated ourselves from the wider industry with the revenue per ASK growth. We have continued to grow unit revenues from 1% in the first half to 1.8% in the third quarter and enhancing that further to 6.6% in the last quarter of the year. The rough in 2024 is now 11% of the 2019 pre-COVID levels. Turning to the unit costs, our unit costs remains a key competitive advantage and we are focused on retaining this leadership position. Despite inflationary pressures, our focus on operational cost efficiency kept full year cost growth at a modest 2.7%. With a quarterly positive trend turning the RASK and CASK differential to positive in Q4, the annual delta has been reduced to a negligible level of 0.1 percentage points for the year. That is beating the guidance where we had indicated a higher CASK than the RASK growth. And again, this was the key driver of the improvement of the EBITDAR margin that we just reported. Looking through the main cost elements for

the year, the fuel component for CASK was maintained almost at the level at 2023 and the tank exchange rate meant that in a positive cost impact that only partially included for Q4 and should be more visible in the quarters to come. The ownership costs reflected on the depreciation and amortization grew by 6.9%, which is partly a result of the voluntary resting of the Pratt & Whitney mitigating plan. The DNA CASK increase was partly offset by a slower growth in engineering and maintenance costs where we look the largest part of the compensations that we're getting from our manufacturers. The cost of handling landing fees and others increased by 5.8%, which were driven by the industry-wide cost inflation, higher airport rates, and the group's continued investment into the customer experience that factored positively in the revenue per ASK growth. The full year effect of the pilot salary adjustment in May, 2023 was eliminated as of the middle of 2024, and we continue investment into operating staff remuneration with increased flight duty allowances for our cabin crew from September, 2024, as a result of which our total employee costs increased by 2.8% for the year. With all those, we remain one of the most efficient airlines in the industry. Our CASK in 2024 remained favorable compared to the remainder of the industry and sustained as a competitive advantage. While Air Astana's 6.94 cents beats all legacy carriers, the 5.03 cents of Fly Arystan makes it a highly competitive airline in the LCC sphere, while it still has the opportunity to gain from economies of scale going forward. As a result, the group's EBITDAR margin of 25.9%, 24.6% for Air Astana, and 28% for Fly Arystan are among the very highest in the industry. This puts us in a strong position to deliver further growth and take market share in an inflationary environment for the remainder of the industry. Moving on to the balance sheet, our balance sheet remains robust in 2024. Our cash level at the end of the period of \$488.7 million was up by 214.7 million or 78% on 274 million a year ago. This includes IPO proceeds of \$120 million, meaning the business has generated an additional \$95 million of cash during the year. The cash to sales ratio stood at 37.3% prior to the facilities available, which are equivalent to another 13% of annual sales, which would take us above 50% if that were to be included. That is in a very comfortable zone compared to the target of 25% of the guidance. And as a result of new aircraft deliveries, the total debt increased by 24% to \$889 million, almost entirely consisting of capitalized leases. In view of our very strong cash position, we voluntarily brought forward the balance of finance lease payments on our A320 family aircraft. And as a result of that, we paid the finance leases of the entire Airbus fleet, thereby our balance sheet is now free, almost free of finance lease liabilities bar a small portion of the 767 payments. And we have been carrying, as you know, zero corporate debt for a long time, which remains to be the case at the close of 2024. With a very strong cash position in EBITDAR once again, EBITDAR, we once again are accelerating our double-digit growth and our leverage is now as low as 1.2 times. This places us amongst the lowest leveraged and most liquid airlines globally, despite being one of the fastest growing in the sector. And with that, I will hand back over to Peter. Thank you, Ibrahim.

Peter Foster:

Thanks. Next slide, please. So we've talked about this, of course, a lot before, and you're familiar with our position on this. Our geographical location, of course, obviously makes us unique and is a key differentiator, as we like to say. And this is particularly the case, I just like to refer back to a reference I made a few minutes ago with regard to the technology of the Airbus 321 long-range aircraft. 10 years ago, it would not have been possible to have flown narrow-bodied aircraft to London and to Seoul and to Frankfurt and to Phuket and Bangkok and Phuket and so on and so forth. That has all changed by virtue of the introduction of the A321LR, which we brought into service, you might also remember, in 2020, in fact, the COVID year. We were the first people to sign for that aircraft, in fact, in 2015, at the Paris Air Show. And as I mentioned a few minutes ago, we have an hour in the process of modifying some of that fleet to increase its range even further, which, of course, enhances this unique geographical location to which we like to refer, that Kazakhstan, not being in the middle of nowhere, being in the middle of everywhere. So in 2024, on the back of this, we were able to launch 21 new routes, 14 of which were launched in Q4, with particular expansion to Middle East destinations such as Jeddah, Medina, Abu Dhabi, and Dubai. One of the things that happened last year was a significant increase in the amount of charter business. In fact, when we divide the aircraft up into various route groups, which we use to sort of slice and dice the airline's commercial operation, it was the charter operation that, in fact, grew at the fastest pace, albeit from a low base, of course. And that continues to be the case today. And so the charter program to Colombo, Phuket, Doha, Antalya, Bodrum, Batumi, the Maldives, Shamal Sheikh, and Sanya in China continues the pace. And Fly Arystan also has had a very high success rate charter program to some of those destinations, albeit from different parts of Kazakhstan, and indeed to cities such as Goa and one or two others. So that's a very important part of our business. In 2025, we've already announced new routes, and started new routes, in fact, to Vietnam, to Phu Quoc, Nha Trang, and Da Nang in Vietnam. You will deduce from that, of course, that Vietnam is becoming a very popular tourist destination. We will shortly start flying to Mumbai, in addition to flights we already have to Delhi. And we are also just about to start flying to Guangzhou in China, and that's in addition to Beijing, Urumqi, and Sanya. And as I mentioned before, and I'd just like to, at the risk of belaboring the point, I'd just like to say, again, that the decision to start flying to Guangzhou was taken in

isolation of any industry developments, but since that time, we are delighted to have entered into discussions, and indeed have signed an MOU with China Southern, as we say, China's powerhouse airline, with a vast distribution and fleet and operating network right across China. And should that MOU be able to be translated into a full co-chair, and I've no doubt that will be the case, and that is, of course, a major development as far as our presence in one of the world's very largest travel markets is concerned. So as of 31st of December, 2024, the passenger network covered 107 routes, 74 international and 33 domestic, and 45 destinations in 22 countries. And as you can see, the bulk of that growth last year, as we have said, has come from China, India, the Middle East, and when we say the Middle East, of course, we're talking about Gulf and Saudi Arabia, and Southeast Asia. So if we can go on to the next slide, please. Thank you very much. And this just gives you an idea of how we have, I mean, obviously, an airline, by definition, has a great opportunity to be flexible in terms of its capacity deployment, and therefore, we can, and indeed, in aerosol, we have a very dynamic and very fast-moving commercial and operational team, which is able to switch capacity fairly quickly, depending on market trends. And I think this slide demonstrates that whilst Europe and certain other routes have had a relatively slow year, routes all across Asia, the Gulf, and Saudi Arabia have done extraordinarily well. And indeed, the domestic, and that has contributed to the 10% growth in capacity and passengers carried that we've been able to report today. We go to the next slide. This is obviously very important. We've talked about this before as well. As the year has progressed, we've enhanced our ability to perform the seat checks, or the heavy checks on aircraft. They happen about once every 18 months. And we've been able to enhance our capability. As an aircraft ages, these checks become, as you would expect, of course, they become more and more extensive, and one needs to be licensed, and then you'd have the capability to handle the increased intensity of these seat checks as they progress with the life of the aircraft. And therefore, the most intense of these checks is called the 12C check. Some of you who know the industry may remember it used to be called the D check. And we have completed two of these already, and the third is under process. So effectively, that means that the entire spectrum of heavy checks of the airbus fleet can now be done in house. Obviously, this has an issue in terms of capacity as the airline expands with more aircraft, of course, we need more facilities to do this, more people. We have an extensive apprentice training program for engineers. It's our pilot program, generally speaking, receives the highest profile in terms of taking young men and women straight from university or from school and turning into airline pilots. But we have an equally important and extensive program involving maintenance personnel, engineers and mechanics. We also have finally concluded an agreement in Almaty for the location of a second large hangar in Almaty. And we will shortly be breaking ground on a new hangar in Astana. And it's actually Astana where we do the heavy checks. So it's an important development. We can just go forward to the next slide, please. We talked a little bit about training. Of course, obviously, we have an amnesty of training program. Cadets are taken at a young age. And we're speaking about the age of the early 20s. And they are sent for the commercial pilot's license training in Europe, the flight training Europe in Jerez in Spain and the Atlantic Flying Training School in Cork in Ireland. They come back and after their commercial pilot's license and they come back, they do their tie racing, generally speaking, of course, in today's today's fleet profile to the Airbus fleet. And they come back and after two years, they're flying with Aristana. We now have approximately 300. We've had this program going since 2009. And we have approximately 300 young men and women who are now flying, coming out of that program with full European licenses and flying for Air Astana. But of course, all pilots have to go through recurrent training. This requires a full motion license flight simulator. We have one already that was constructed about 18 months ago. It's operating in absolutely full capacity now. And we have broken ground, therefore, on a second simulator. This was part, as you remember, of the proceeds that we raised at the IPO last February. And the second simulator contract has been concluded. And we expect that that simulator will be open and operating by the fourth quarter of this year. If we go forward, if we just go forward a bit, I think the thing I wanted to mention here, we also mentioned, as you will remember during the IPO, in and around there, that the proceeds would also go towards enhancing the company's ground services capability. I'm pleased to say that we have now received approval and are in the process of planning for the establishment of a separate company, Air Astana Terminal Services. And that company, which will be a 100% fully owned subsidiary by , will start operating in early summer. And it will initially start operating as a passenger and ramp handler at Almaty Airport. And that will be extended to Astana Airport. We already have various services, passenger handling services, for our own clients. We also have de-icing services. That's a rather good picture there of an aircraft being de-iced. But we will extend this to full ramp handling. And of course, obviously, that capability will be available to third party airlines, third carrier airlines. And that's a very exciting business that we look forward to getting into in both Almaty and in Astana. We continue to make progress in terms of emissions. Of course, obviously, the more new aircraft we bring in, the lower the emissions become. And fuel tankering, of course, obviously, that's very important to enable fuel savings, which, again, is a program that we operate very effectively. If we go forward, we talk a little bit about... Can we just go forward the next slide, please? We go forward to talk a little bit about customer service. Obviously, it's a terribly important subject. is a full service airline. It's a four-star Skytrax airline. It's one of the key selling points is the fact that we do and always have offered a very high level of customer service on the aircraft, both in business class and in the

economy class. And finally, we're extremely pleased to say that after 23 years of operating as an airline, we finally have a dedicated airport lounge at our home airport in the new Terminal 2, a very good terminal, the new Terminal 2 of Almaty Airport that was constructed in June of this year. And the lounge was opened in Q4 of last year, the new Shanyraq. And it is, dare I say, it's an extremely good facility. It's extremely comfortable. It's operated in joint venture with the airport TAV. And it's been extraordinarily well received by our Nomad Club elite and business class passengers. If we can go forward a bit. We continue just on the theme of service excellence. You know, we're all aware these days that it's not just the so-called service to the retouch points at airports and on aircraft upon which an airline is judged, but also the digital experience of people who go onto the airline's website or onto the airline's app. We've revamped the website and we think the website is working very well now. We've updated the Nomad Club in terms of its benefits and in terms of access to the Nomad Club site for our large number of Nomad Club members. We've introduced self-service kiosks for FlyArystan. FlyArystan, even as a low-cost airline, of course, obviously needs to be a high-quality low-cost airline. And finally, we are working on the app as we speak. Now, many of you have commented that the app needs work, needs to be improved. We recognize that and we expect that the new app will roll out at the end of April, beginning of May. So, that's that. If we go on a bit, if you'll indulge me for a second, we're delighted, of course, that we were voted Best Airline Central Asia and India, Central Asia and CIS. In fact, it is now. They've slightly changed the regional grouping, but we won that, I think, for the 13th year in succession in 2024. And FlyArystan has been awarded Best Low-Cost Airline for Central Asia and CIS for the second year in a row. So, these awards are all very well, but the main point is that they're a reflection of the fact that the company continues to invest heavily in service delivery in both brands, I'd stress. If we go on, I'd just like to sort of, again, make the point that we continue to take our environmental responses very clearly and we continue to take our social responsibilities very, very, very, very seriously. We did contribute substantially, not just in terms of cash, we did make a 2.7 million donation, but also we carried a large number of passengers that effectively, you know, pretty much zero cost from the affected flood areas, which were in Western Kazakhstan back in April of this year, plus, of course, a large amount of emergency supplies and freight into that affected region. And in terms of governance, we continue to have an extremely strong board of directors. We added an independent non-executive director to the board this year. I'm delighted to have him, Mr. Diyas Assanov, who is also the regional head of Siemens here in country. But we continue to have a very strong board consisting of representatives from Samra Kazina, BAE Systems, myself, and, of course, the independent directors. So if we go forward, you know, obviously, we're a growth airline. This is absolutely the profile that we are. The country is growing, the economy is growing, regional air travel is growing, and we are able to grow with those opportunities, not just in Central Asia, but also the Caucasus. And, of course, obviously, this connection to these megamarkets nearby, India, Gulf of Saudi Arabia, Korea, Japan, and, of course, particularly, China, as well as Southeast Asia. You know, this is our great, strong, and unique growth opportunity and the reason why the company, in our opinion, can do very well. So I now have to hand it back to Ibrahim again to talk about this very important point, dividends, and I'd just like to repeat that the dividend payout this year consists of both the ordinary dividend and the special dividend, and Ibrahim might like to go into more detail on that.

Ibrahim Canliel:

Thank you very much, Peter.

As we mentioned earlier, as a result of a very strong performance in 2024 and a healthy balance sheet, the board has proposed both an ordinary dividend for 2024, earlier than guided, as well as a special dividend. The dividend that has been proposed by the board of directors to the AGM is as follows. An ordinary dividend of 17.7 tenge per common share or 17.9 tenge per GDR of four shares, a special dividend of 36 tenge per common share or 143.9 per GDR. The total proposed dividends, ordinary and special combined, translates into 53.7 per common share or 214.8 tenge per GDR. This, on the last closing price, translates into 7.2% dividend yield. In addition to that, going forward, the board of directors has approved a new enhanced dividend policy stipulating a dividend of 30 to 50% of annual consolidated net income, subject to all the conditions that are set out in the dividend policy. We have also pursued a share buyback program since April 2024, with over 4.5 million shares acquired to date, with a total consideration of \$8.2 million. These shares have been used to meet our obligations towards our employees incentive programs. The first vesting of shares and GDRs to employees took place last February, under the employee share ownership plan, the first of its kind in Kazakhstan. And as of 17 February, all employees that were employed at the time of IPO are now shareholders of the Air Astana Group. In addition to that, to the completed first part of the program, yesterday the BOD has approved the second phase of the program with the purchase of shares or GDRs up to \$5 million.

Peter Foster:

Yep, thanks very much Ibrahim. Thank you very much. So I think we're just going to wrap up here really and go to the Q&A, I'm sure you've all got lots of questions. So, you know, again, we just want to, this slide is a little bit of publicity really rather than anything else. Nothing that's any new, but, you know, we think, we hope that today's results have demonstrated that we are not only talking the talk, but we are also being able and demonstrably walking the wall of these three key elements, which drive our business and indeed drive our day-to-day activities and indeed our lives, and that is growth, efficiency and excellence. So with that, I think we'll sign off and we'll get on to the Q&A. Thank you very much for listening.

Irina Martinez:

Thank you, Peter. Thank you, Ibrahim. Dear operator, we're ready to take the questions. Thank you.

Moderator:

Thank you. Thank you very much for the presentation. So now we are moving to the questions from the audience. If you are connected via the telephone and you want to ask a voice question, please press star two on your keypad. If you are connected via the web, you may also ask a voice question or send us your question in the text. We will give a minute or so for the questions to come in. OK, I see our first question comes from Anton from Citi. Please, please go ahead. Your line is now open.

Anton Proutorov:

Hello. Thank you. Hi, Peter, Ibrahim. Thanks for the presentation. Three questions, please. First, very impressive quarter in FlyArystan with 31 percent of the margin. There's a question, though, whether we should think about this as a normalized level for the quarter and what underpins that. Also related to this, does it mean that we should kind of adjust our expectations for margin for Arystan for other quarters if you change something in the network? So that's the first question on Arystan. Secondly, congratulations on launching the ground and terminal services. Is it possible to walk us through the cost and revenue implications and how we should think about quantifying it? And thirdly, finally, on Russia-Ukraine potential ceasefire and peace. Have you decided when and where would you start flying? Should that happen? And how do you view the competitive environment should Russian carriers come back to the market? Thank you.

Peter Foster:

Fine. Thanks, Anton. Perhaps I'll do these questions in the reverse order that you raised them. Because the third question is something that everybody's going to be very interested in. So as far as Russia-Ukraine is concerned, I mean, obviously, you know, we start flying to Ukraine on the 24th of February. I should be honest to be quite to be to be absolutely completely accurate about that. We start flying to Ukraine on the 24th of February and we start flying to and over the Russian Federation on the 11th of March. Now, obviously, you know, we're like everybody else, I guess. We're watching the news. We don't certainly obviously nobody, I suppose anybody has any insider information as to what may or may not happen. Perhaps even the protagonists themselves. But the point is that, of course, we consider, you know, what might happen in the event that there is, you know, I mean, it's not only a cessation of hostilities, of course, but also a lifting of sanctions. So it's not just, you know, ceasefires and so forth. It's also a lifting of sanctions. I mean, nobody, obviously, Anton, none of us are in a position to know when that will happen. And the news is as confusing this morning as it's been for the last two or three weeks. But as it may in our commercial leadership group meetings, which happen every month, we, of course, obviously do consider what we might do in the event that, you know, sanctions are lifted and things can go back to the sort of towards the status quo ante of 24th of February 2022. And yes, I mean, we would certainly be interested in resuming flights to the Russian Federation. And indeed, resuming flights to Ukraine, where we also had a good operation. But, you know, we're not holding our breath for it. Just to make one point absolutely clear, Russian carriers are already flying to Kazakhstan. So it's not as if Russian carriers will come back into the market. They're already here. We're not flying to the Russian Federation, but the Russian carriers are flying. The change that might happen would be if Russian carriers are able to resume their flights to Europe, because then, of course, obviously the Russian carriers would be in a position to operate hub and spoke flights back to Europe, as they used to do from here. But the same, of course, obviously applies to the Ukrainian carriers. Now, again, I'm not qualified to comment on whether or when that might happen. But just to make it absolutely clear, the Russian carriers are already here in Kazakhstan. That would not be a new development. And yes, we would go back into into both of those markets. If the geopolitics were to radically change. And, of course, the sanctions as

far as. So that's on that point. As far as what we call to H.S. is concerned, Aerosatis General Services. I mean, we're not really obviously we're not really in a position here. We can't give any guidance. Anton, can you still hear me?

Anton Proutorov: I can hear you, Peter.

Peter Foster:

Can we just ask anybody who's not talking to mute themselves, if you would like to see the getting through? But no matter. Yeah, that's pretty good. So we can't give any guidance, Anton, on to H.S., as we call it, Aerosatis General Services, because we're not in a position to do so. All we can say is this. Air Astana has obviously less than 50 percent of international traffic going to and from Almaty Airport. So therefore, what that means is that more than half the business is presently operating into and out of Almaty internationally. It's fair game as far as competition is concerned for for ground handling. And that's what we'll be going through. So, you know, that's really all we can say on that point. As far as FlyArystan's last quarter is concerned, yeah, I mean, it was a strong quarter. It was a strong quarter. You know, again, you know, we can't comment on going forward into 2025, other than what we said at the time, which is the forward booking profile for both and Air Astana in Q4 for the first couple of months of Q1 was strong. That's all we can say. But, yeah, we obviously we're very pleased that , you know, has recovered quite, quite, quite considerably, in fact, since April of last year and has put in a good, solid set of results, not just in Q4, but really from about the end of Q2 right through for the for the whole year. So that's that's that's a good development. Sorry, Anton, does that answer your three questions?

Anton Proutorov:

Yes. Thank you, Peter.

Peter Foster:

Yeah, thanks. Thanks. Next question.

Moderator:

OK, thank you. So we'll be now moving to the next question. We have a text question from Mukhit from Too Ocean Group. How could you explain the high volume of trades and stocks during the last month when IRA went from 699 tenge almost up to 800 tenge per stock?

Peter Foster:

Sorry, I can't. I can't. I'm not entirely sure whether I understand the question. And even if even if I did understand it, I don't think I could answer it. Irina, can you answer that question? It's about the stock price movement.

Irina Martinez:

It's the stock price movement. And I understand it's the volumes which are traded. So we could not really comment on the volumes as it's on the open trades and increase in share price as well. So we're not as a company in the position to comment on the capital market movements.

Moderator:

OK, thank you very much. Just a quick reminder for any any remaining voice question, please press star two on your keypad if you're connected to the phone. If you are connected to the web, you may also ask a voice question. Next question comes from Jaina from Jefferies. Please go ahead.

Jaina Mistry:

Hi, good morning or good afternoon. It's Jaina Mistry from Jefferies. Three questions, if I may. I wonder if you could quantify the FX impact to EBIT in 2025 and how you're thinking about that and how SPOT evolves. Question number two is around Pratt & Whitney. And I wondered if you had a broader view on when the Pratt

& Whitney issues will resolve in the market. And then question number three is around car fuel. I saw it came down in Q4. Is this the right run rate to think about for 2025? And what are the moving parts here? How are you thinking about wage inflation per annum, etc. into next year? Thank you.

Ibrahim Canliel:

Thanks. Thanks, Jaina. In the early meetings, we have been talking about the natural hedge that we have in place between the costs and the revenues of the company. In case of a 10 percent drop of the exchange rate, we would see a reflection on the EBIT in the range of about \$12 million. Assuming that we would not be able to look to improve the RASK, which we normally would be doing once we see such a movement. To the extent possible, we would be seeing opportunities how far we could improve the domestic, the Tenge revenue base when that happens. In terms of your question to your fuel cost, Jaina, roughly two thirds of our cost is in domestic uplift from Kazakhstan. That cost is quoted in Tenge. Largely, those contracts are stable. So in the Q4 fuel cost that you see, you can follow the trend of the exchange rate through the quarter, which implies that only a portion of that cost improvement is reflected in Q4. That could be rolled forward, going forward for, again, roughly 70 percent of our fuel uplifts. The international uplift, the market price is indeed ranging lower than what we thought it would be. To give a flavor of the upside risk, we have hedged all three quarters of 2024 at positions largely at 75-80 and a portion at \$85. So the upside risk is covered with call options, which means that if there were to be downside on the fuel price, we would be fully benefiting from that.

Peter Foster:

Yep. And finally, Jaina, you asked a question on Pratt & Whitney. Well, as you know, as we reported last time around, the time from off wing to on wing hasn't changed. It's still 18 months. And therefore, there's a vast number of aircraft around the world that are affected by this. I think it's a total of 3,000 plus engines, so it's well over 1,000 aircraft. So certainly it's all of 25, all of 26, and we would think at least half of 27. So we don't see this problem really going away until towards the end of 27. But we have to remember that, you know, there isn't sufficient MRO capacity, Pratt engine shop capacity to suddenly, you know, you're not going to get 3,000 engines flooding back into the market and 1,500 aircraft suddenly flying again. So it's a long process. It looks to us as though it's not really going to work its way out until, as you say, the end of 2027.

Jaina Mistry:

That's very clear. I just wanted to clarify the question on cask exfuel. That's where the question was, and I think on your slides, the key for it showed a decline in cask exfuel. But let me know if I read that wrong. Now, I was wondering around the drivers of this and whether that would run right for 25.

Ibrahim Canliel:

Okay, got your question. Thanks. Thanks, Jaina. In terms of the cask excluding fuel, indeed, the trend has been improving. In terms of the depreciation and amortization cost that was impacted in Q4 with the planned and intended lower utilization, that should be improving with increased utilization during the summer. In terms of employee costs, we had the pilot wage review in May of 2023. The full year effect of that was completed in the first half of the year. And in terms of the passenger costs, we mentioned that the cost increase has been about 5.8% part driven by the inflation and at the high increase of particularly Air Astana on international flights. But that is, again, accompanied with higher revenues and particularly a higher revenue per ASK. And we have been consistently stating that we continue to invest into the product. That investment is, again, one of the reasons why the commercial team is able to continue achieving a higher revenue per ASK. Those are the key drivers of the non-fuel costs, Jaina.

Jaina Mistry:

That's very clear. One last question, if we have time. I wondered if you could talk to CAPEX guidance for 2025 and if there's any update there.

Ibrahim Canliel:

Yeah, sure. A large part of our CAPEX, Jaina, is driven by the investments that we're making into the product, refurbishments that we're doing of the aircraft. Those form approximately 80% of our total CAPEX. And a big part of the remainder of the 20% is investment into IT infrastructure, which, again, translates into increased

efficiency. And, of course, investments that we are making into the website in 2024 and the app that we are doing in 2025. In terms of the proceeds, we've been talking about purchase of engines that are both on track and advanced. The ground services CAPEX is another item that we were talking about at the time of IPO. And the big cash outflow starting in 2025 and 2026 is towards the hangars, which was, again, a key item for the IPO proceeds that we talked about prior to the IPO. Those are on track. As Peter mentioned, we are planning to break ground in Air Astana before the end of the year. And plans are now firmed up for the hangars in Almaty. The total investment into those are earmarked to be in the north of \$70 million. Brilliant. So that's total CAPEX above \$70 million?

Ibrahim Canliel:
For the hangars, yes.

Jaina Mistry:
OK. And do you have guidance for...

Ibrahim Canliel:
Sorry to interrupt you, Jaina. About one third of that is planned for in 2025 and the remainder in 2027-28.

Jaina Mistry:
OK. Perfect. Thank you.

Ibrahim Canliel:
And I interrupted you. You had another question?

Jaina Mistry:
It was just a sense check. Do you have guidance specifically for CAPEX in 2025? Is that in total one third of that \$70 million or is there more to it?

Ibrahim Canliel:
No, I'm not able to provide that, Jayna. To clarify, the \$70 million is split into two main parts. I said one third of that will be in 2025 and the remainder in 2026 and 2027.

Jaina Mistry:
Very good. Thank you.

Ibrahim Canliel:
Thanks, Jaina. Next question?

Moderator:
OK. Thank you very much. We are moving now to the next question from Jakub from Wood & Co. Please go ahead. Your line is now open.

Jakub Caithaml:
Hi, everybody. Jakub here. Thanks. Also, three from my side. First, I would follow on Anton's question. Could you please share any initial feedback from discussions that you may be having with insurance companies regarding this potential restarting of flying to and over Russia? Then my second question, could you please give us some update on the competition landscape in Kazakhstan and whether there have been any new entrants or any other notable activity from your competitors so far this year? And lastly, on 25th capacity, could you remind us what is the timing of deliveries and potential returns? And also, in the context of the engine resting program,

I would imagine that we will see slower growth in the winter and then acceleration of the capacity growth in the summer. And if this is right, could you give us some rough indication on what kind of pace of ASK growth for fly and for Air Astana do you think is attainable in summer 2025 versus summer last year? Thank you.

Peter Foster:

Let me just tackle those two first, Jakub. No, we haven't had any discussion with insurance companies on Russia and Ukraine. As we said before, I think, to Anton, we think it's too early, really. I mean, it's very difficult to see any visibility on what may or may not happen, and it's too early. So, no, it's premature to have those discussions. The discussions that we're having are internal discussions, but at this point, of course, they're only theoretical. As far as local competition is concerned, I think you're referring to some earlier notes that you put out yourself, in fact, on the threat of competition from Kazakhstan and its potential sale or partial sale to VHS and the establishment of local competition. So, let's just remind ourselves, shall we, that that so-called agreement was signed back in summer of last year. Vietjet was supposed to start operating, or QatarCare with Vietjet, that was supposed to start operating, I think, HV-20 aircraft in the domestic market in September. They didn't come in September. They weren't supposed to come in October. They didn't come in October. They weren't supposed to come in November. They didn't come in November. They weren't supposed to come in December. They didn't come in December. We were told at the beginning of this year they haven't come this year, and here we are in March, and we see no sight of them. So, you know, I mean, I guess everything happens in life eventually. But as of now, we have no visibility of them at all, nor is there any other local competition on the horizon. As far as the third point is concerned, I mean, the engine resting program is continuing, of course. I mean, you're absolutely right. I mean, the 15 percent growth, sorry, the growth that we had last year, which was just less than 15 percent, was very staggered. You know, during the summer period, we had an average, I think, of six aircraft grounded. And, of course, in the winter period, we had an average of, I think, 12 to 13 aircraft grounded. So, therefore, that growth that we had, that sort of low-teens growth that we had, or 12 percent growth that we had last year, was, roughly speaking, staggered rather haphazardly over the year, depending on that aircraft operating profile. The same will be the case in 2025. Now, obviously, I can't give you the exact growth figure for 2025, but what I can tell you is that exactly that profile will continue. There will be – there is a planned program to have a small single-finger figure number of aircraft grounded in June, July, August, September, and obviously, you know, a double figure for the other months. Beyond that, Jakub, you'll have to forgive me. I can't go into any more detail.

Jakub Caithaml:

Thanks very much. This is very helpful. Just on the last question, could you remind us what is the schedule of aircraft deliveries during the year?

Peter Foster:

I don't have that absolutely to hand. We've had two in the last couple of weeks. I don't have it absolutely to hand. We've got three more aircraft – we've got four more aircraft arriving and one leaving. So, I think I mentioned earlier, there's one Embraer still in the hangar, just waiting to go, depending on the slots for its engine removal in the engine shop out of the country, of course. And we have four more aircraft planned for this year, three HV-21s and one HV-20. I can't remember the exact dates, but they're all going to sort of come in over the course of the next eight months.

Jakub Caithaml:

Perfect. And thanks.

Irina Martinez:

One more question.

Peter Foster:

Another question, please.

Moderator:

Yes, yes. Thank you. Thank you very much. We are moving now to the next question from Nikolai from RENCAP. Nikolai, your line is open now. Please go ahead.

Nikolai Golotvin:

Hello. Hello, Peter. Congratulations on a successful year. I have a question. If it's possible, please tell me what approximate proportion of the group's international traffic growth for 2024 is attributable to Fly Arystan and what to Air Astana? Thank you.

Peter Foster:

Nikolai, very nice to welcome you to this forum. I think it's the first time you've been here, so it's nice to have you here. Thanks for the question. Ibrahim, do you have the details?

Ibrahim Canliel:

Yeah, sure. Actually, Nikolai, in 2024, almost 80 percent of the growth of Air Astana was coming from the international side. As Peter mentioned, towards the end of the year, we had a total of 22 new routes that were launched, 14 of which were launched in the last quarter of the year. And almost all of the international growth was on the Air Astana side. And that implies that the focus for Fly Arystan going forward is to have a higher growth on international routes.

Nikolai Golotvin:

Okay, thank you.

Ibrahim Canliel:

Thank you, Nikolai.

Moderator:

Okay, thank you. We are seeing no further questions, so now I would like to pass the line back to the Air Astana team for closing remarks.

Peter Foster:

Well, thank you. Thanks very much again to all of you for being online for this presentation. It's been a pleasure for myself and Ibrahim to make this presentation, given the fact that we're pretty pleased with what we've been able to say and communicate to you. And thanks for the questions that came. I guess many of you will probably have questions that you'll think about in due course. And again, just get those through to us and we'll get back to you with a response as quickly as possible.

Moderator:

Okay, thank you very much. This concludes today's call. Thank you very much.

Air Astana:

Thank you. Thank you. Bye-bye.