

DELIVERING GROWTH WITH A CLEAR VISION

A 10-year strategy taking Air Astana to 2026 is well underway and will deliver a new phase of growth by accelerating expansion while leveraging our low-cost structure and strong position as a hub connecting Europe and Asia.



2001

2001

May

- › Foundation of Air Astana as a joint venture between the Republic of Kazakhstan government and BAE Systems

2002

May

- › Air Astana first flight – Almaty to Astana to Almaty

September

- › First international flight – Almaty to Dubai to Almaty

2003

August

- › First JAR/EASA 145 certification for Engineering and Maintenance



2007

December

- › Launch of Frequent Flyer Programme



2008

June

- › Achievement of IATA 100% e-ticketing target (first in CIS)

December

- › Launch of the Ab-initio pilot training programme
- › Official registration by IATA as an IOSA-compliant carrier

2009 – 2012

June 2009

- › Achievement of 3-star overall Skytrax rating

2010

- › Start of development of own EASA certified maintenance capabilities

June 2011

- › 2nd place in Best Airline East Europe category at the 2011 World Airline Awards

May 2012

- › First in CIS 4-star rating in the Skytrax World Airline Awards and Best Airline in Central and South Asia

October 2012

- › First own aircraft delivery





4.32 million

Total passengers in 2018

>2x

Target passenger growth by 2026

34 aircraft

Fleet size in 2018

>60 aircraft

Target fleet expansion by 2026

► 2018

2019

► 2026

2011 – 2013

- Launch of 20 new routes

2012 – 2014

- Aircraft delivered
 - 7x 320
 - 2x 321
 - 6x 190
 - 3x 767

2015

- Operating leases signed for 11x A320neo with delivery positions in 2016 – 2020

2016 – 2017

- Delivery of 4x A320neo
- Operating leases signed for 5x E190-E2, 3x A320neo and 3x Airbus 321neo FB with delivery positions in 2018 – 2020
- Launch of Part 66 technical training programme

2018

- Announcement of FlyArystan launch – the first low-cost carrier in the region
- Delivery of first E190-E2 aircraft
- Winner of Skytrax 'Best airline in Central Asia and India' award for the 7th year in a row
- Opening of Air Astana Technical Centre in Astana

2019

FlyArystan

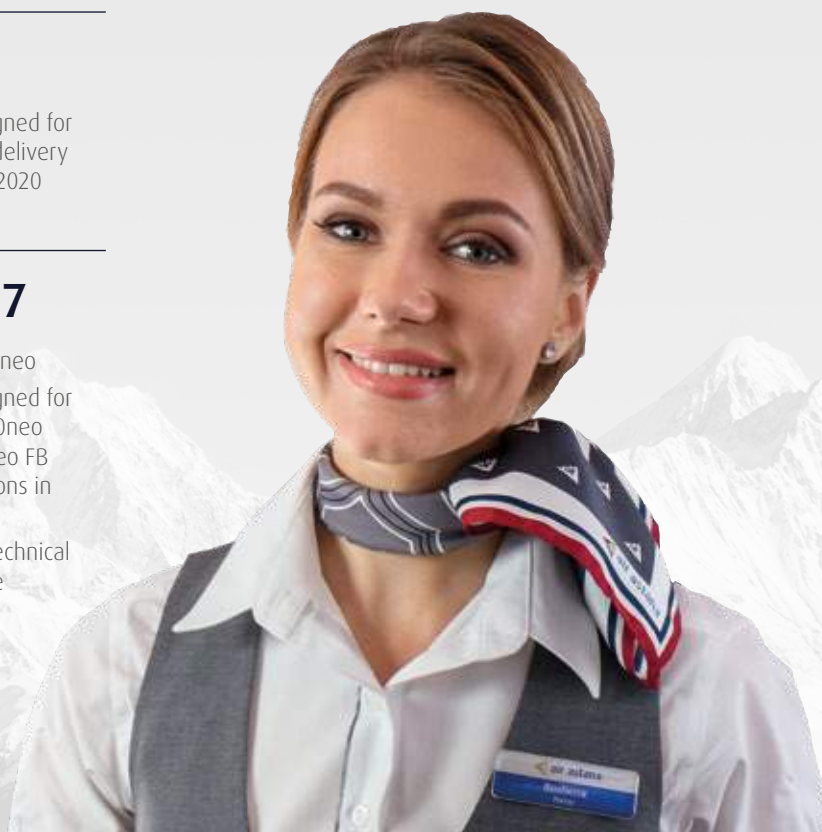
Start of new low-cost operations with FlyArystan, which is expected to contribute to a significant increase in traffic, supported by an increase in landings and new routes



2026

Deliver on goals

Nearly doubling fleet size by 2026 and coverage of 25 new international routes to capture anticipated growth in domestic and transit traffic



OUR STRATEGY FOR GROWTH

Strategic priorities	Performance in 2018
<div data-bbox="87 544 263 719">  </div> <p>Air Astana plans to almost double its fleet size to serve a more than twofold increase in passengers by 2026.</p> <p>Our objective is to deliver profitable growth by increasing frequencies, tapping into new markets and expanding our network of destinations. Demand for international air traffic is growing rapidly, with some of the markets that immediately surround Kazakhstan poised to emerge as the largest markets in the world. China and India are expected to become the largest and third largest markets globally by 2022. To meet our growth objective and maintain a culture of excellence, we will remain at the forefront of people development and training. We will continue to attract the best talent to help us on our journey and share in our success.</p>	<div data-bbox="821 566 1189 633"> <p>+11% Growth in international traffic</p> </div> <div data-bbox="821 719 1114 786"> <p>+5% Growth in capacity (ASK)</p> </div> <div data-bbox="821 871 1184 938"> <p>+10% Growth in operating revenue</p> </div>
<div data-bbox="87 999 263 1173">  </div> <p>Despite being a full-service airline to date, Air Astana's cost per ASK of just over 5 US cents matches the cost efficiency of some of the world's most efficient low-cost carriers. We achieve this feat by maintaining extremely high levels of productivity and efficiency, by maintaining high levels of motivation and employee engagement and by deploying the latest technologies to become a modernising force in the Kazakh aviation market.</p> <p>Our competitive cost base has enabled us to unlock the resources required to realise our vision for FlyArystan. Air Astana already offers passengers comfort and low fares and maintaining such a compelling proposition requires extremely high levels of efficiency. By maintaining high levels of productivity across the board, both Air Astana and FlyArystan will be able to improve aircraft maintenance processes to increase utilisation rates and frequencies moving forward.</p>	<div data-bbox="821 1021 1396 1088"> <p>12th Most punctual mainline airline in the world (OAG Punctuality League 2019)</p> </div> <div data-bbox="821 1144 1396 1435"> <ul style="list-style-type: none"> › The 'Finnovation: working on efficiency' transformation launched to integrate finance personnel into operational departments to automate and manage costs at source › Enhanced systems introduced such as a new Baggage Reconciliation System that prevents baggage loss › Updates completed to systems following the migration of the Company's working currency to US Dollars › Steps such as refueling trucks with de-icing fluid by Air Astana's own staff reduced delays at Astana airport </div>
<div data-bbox="87 1503 263 1677">  </div> <p>The delivery of a world-class passenger experience is a core strategic goal and is reflected by our high levels of punctuality and service. The pursuit of such high levels of excellence has enabled us to become the leading airline in our region while driving best-in-class operational efficiency.</p> <p>The Company demands high standards at all levels. At a Board level, governance structures have been implemented to reflect the highest levels of international best practice and we deploy best in class technology and working practices to efficiently deliver the highest levels of passenger satisfaction from the ground up. To accomplish our anticipated levels of growth without compromising our culture of excellence, the airline remains at the forefront of people development. Our excellent people drive the business from its heart and they have made Air Astana a modernising force for our industry.</p>	<div data-bbox="821 1503 1184 1570"> <p>No 1 Skytrax Best Airline in Central Asia and India</p> </div> <div data-bbox="821 1626 1224 1693"> <p>>320,000 Nomad Club members</p> </div> <div data-bbox="821 1738 1235 1805"> <p>No 1 2018 TripAdvisor Travellers' Choice Awards</p> </div> <div data-bbox="821 1850 1192 1917"> <p>86% On-time performance¹</p> </div> <div data-bbox="821 1962 1203 2029"> <p>No 1 Employer in Kazakhstan (Universum report 2018)</p> </div>

Unlocking growth opportunities by developing network frequency and connectivity to become the leading Central Asian carrier. As well as delivering on substantial transit traffic opportunities, we are also aiming to stimulate growth in an underserved domestic market.

Priorities for 2019

- Launch of FlyArystan, the first low-cost carrier in Central Asia, operating domestically
- Delivery of new A321neos and E190-E2s aircraft and redelivery of expiring leases
- Grow our workforce and expand the Ab-initio pilot training project
- Building up maintenance capabilities at our Astana hangar
- With mobile digital sales and mobile app usage increasing rapidly, ancillary services will be expanded to include excess baggage, lounge access and on-board internet

Associated risks

- The risk of an aviation accident **1**
- The risk of an insufficient number of qualified pilots **2**
- The risk of cyber-attacks and system failures **4**
- The risk of inability to develop profitable route network plan **6**
- The risk of insufficient number of key management staff **7**

Further focus on efficiency across the Company, including:

- Continue expansion of our IT data centre and network infrastructure upgrades, including the expansion of air-to-ground communications infrastructure in Kazakhstan
- Improve customer experience throughout the full customer cycle; from initial customer acquisition, purchase, after sales, inflight, and post flight processes
- Formally obtain ISO27001 certification, in recognition of work carried out to bring information management up to international standards
- On-going development of the Air Astana Training Academy and run a new supervisory programme, 'Leadership Essentials', to further drive efficiency

- The risk of non-provision of high-quality service in accordance with service standards **3**
- The risk of cyber-attacks and system failures **4**
- The risk of increase of fuel expenses **5**
- The risk of insufficient number of key management staff **7**

Further improvements of services and products, including:

- Roll out of in-flight entertainment streaming systems on aircraft to complement the internet connectivity now available on all Air Astana's Boeing 767 fleet
- Introduce an Application Programming Interface (API) so customers booking through aggregators can access ancillary services, branded fares and product descriptions
- Further implementation of international standards and practices to airport services in Kazakhstan
- Launch of Nomad Club Corporate Programme and Young Person Programme, and re-launch of Customer Experience team
- The first cohort will complete the first stage of Apprentice Part 66 modular training in 2019 and will move on to the second stage

- The risk of an aviation accident **1**
- The risk of cyber-attacks and system failures **4**
- The risk of insufficient number of key management staff **7**

Read more about our significant risks on page 41

OUR BUSINESS MODEL

Our operating structure captures the unique growth opportunities presented by Kazakhstan's favourable location at the heart of Central Asia. Our highly efficient model and low cost base enables us to connect some of the fastest growing economies in the world in full service comfort very economically. Growth is also being driven in a vastly under-stimulated domestic market through the launch of FlyArystan, the first truly low-cost carrier in Central Asia.

Our capital

Financial

The Company allocates sufficient capital for growth and has a net profit of USD 5.35 million at 31 December 2018.

Aircraft

We operate a fleet of 34 aircraft, including the most modern fuel-efficient aircraft. The fleet consists of Boeing 767/757, Airbus A320 Family aircraft including A320neo/A321neo and Embraer E190/E190-E2 aircraft. A third of the fleet is owned with the remainder leased.

People

Air Astana has a workforce of 5,210 people. The Company takes training and engagement very seriously and an integrated Centre of Excellence at the Air Astana Academy trains pilots and staff at all stages of their careers.

Technology and data

Not only is customer loyalty driven by access to the latest in-flight entertainment and Wi-Fi systems, rapid growth in loyalty programme subscriptions and increasing digital engagement via the Air Astana mobile app is unlocking significant revenue and customer touchpoints.

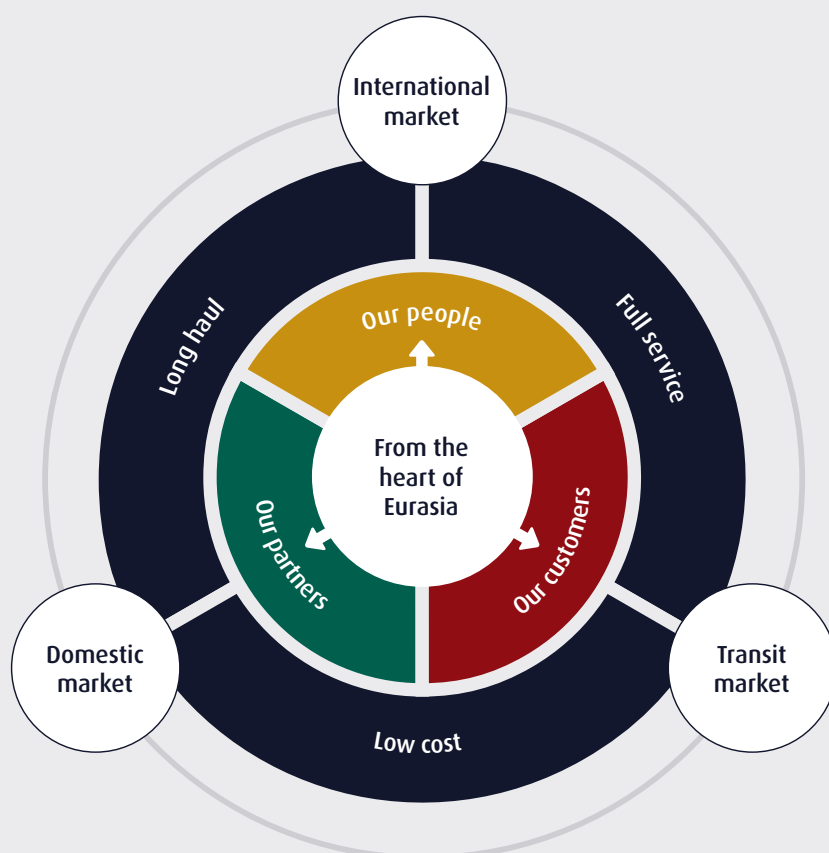
Partnerships

Transit traffic connecting rapidly growing markets in China, India and Russia through our hubs in Astana and Almaty is a major growth driver for Air Astana and our growing codesharing network with major international airlines is a key enabler.

Social

Through our operations and community investments, Air Astana contributes significantly to the development of Kazakhstan. Projects being implemented by us invigorate local enterprises, local communities and infrastructure, and they help increase regional investment attractiveness.

Operating model



Long-term value creation

Air Astana has established a long-term track record for maximising returns to Shareholders by investing in profitable growth opportunities while returning capital. Costs are kept low and earnings potential high thanks to cutting edge technology that drives efficiency and automation while offering attractive digital ancillary revenue opportunities.

Differentiators

- › The leading airline in Central Asia, known for its strong brand and its passenger comfort
- › Full-service airline with the cost structure of a low-cost carrier
- › Unique location over two hubs connecting growth markets in Asia, Europe and the CIS
- › Fleet made up of the most modern and fuel-efficient aircraft in production
- › Highly qualified and experienced management team with strong local and international track record
- › Flexible approach to market with ability to move quickly to capitalise on opportunities for growth
- › Advanced revenue management systems and ancillary services to further optimise revenue streams

Value created

80%

Customer satisfaction in 2018

86%

On-time performance in 2018

5.6¢

CASK – reflecting efficiency

13%

Increase in Nomad Club members in 2018