FREEDOM BROKER

August 12, 2025

RECOMMENDATION

Buy

JSC «Air Astana» (AIRA)

Upside: **26%**
Target Price: **960 KZT**
Last price: **760 KZT**

STOCK MARKET
DCF
Kazakhstan | Airline

air astana

FLASHNOTE/UPDATE

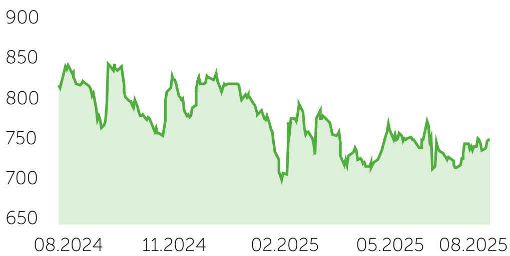
Air Astana: Results for the 2nd quarter 2025

Revenue, 6M '25 (billion KZT)	337
EBIT, 6M '25 (billion KZT)	23
Net Income, 6M '25 (billion KZT)	5,4
Net Debt, 6M '25 (billion KZT)	244

P/E, 6M '25 (x)	9,4x
EV/EBITDAR, 6M '25 (x)	2,9x
ROA (%)	4,9%
ROE (%)	12%
EBITDAR Margin (%):	24%
Net Margin (%):	1,6%

Market cap (billion KZT)	269
Shares issued (million units)	355
Free float (%)	42%
52-week min/max (KZT)	695-860
Current price (KZT)	760
Target Price (KZT)	960
Upside (%)	26%
Investment horizon	6-12 months
Planned price update frequency	Quarterly

Stock dynamics / exchange/ticker **KASE/AIRA**



Performance (%)	3 months	9 months	12 months
Absolute	4%	2%	-8%
vs KASE	-11%	-16%	-35%

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Air Astana JSC has published its financial results for the second quarter of 2025. The report can be viewed as moderately positive, given the marked acceleration in quarterly revenue growth driven by an expanded aircraft fleet and the development of new routes. Operating margin remained at last year's level, but excluding last year's gain from sale-and-leaseback of spare engines, the margin showed improvement. Against this backdrop, the company significantly increased cash generation, which continued to grow also thanks to the weakening of the tenge. The valuation model was updated to reflect the sharp rise in the risk-free rate due to higher government bond yields. On the other hand, strong passenger traffic growth led to improved forecasts for key metrics in the model. As a result, the updated target price per Air Astana share is KZT 960, implying a 26% upside. Recommendation — Buy.

(+) Revenue growth accelerates. Q2 total revenue reached KZT 188 billion, up 30% y/y. Compared with the seasonally weaker Q1, revenue rose 26% q/q. For the second straight quarter, the Air Astana brand was the main growth driver, with quarterly revenue up 41% y/y. FlyArystan also accelerated, posting 31% y/y growth. Passenger transportation revenue rose 34% y/y. Charter revenue continued to grow, hitting KZT 18.5 billion, up 99% y/y. Scheduled flight revenue rose 30% y/y, with the strongest growth in "Asia and the Middle East" routes (+37% y/y). Domestic revenue fell 36% y/y, likely driving FlyArystan's domestic revenue growth of 39% y/y. Air Astana's domestic revenue also rose sharply, up 45% y/y. Overall, Kazakhstan's passenger air traffic grew 9.7% y/y in Q2, while Air Astana's passenger traffic rose 19% y/y, indicating market share gains.

(+) Margin stability and record cash generation. Operating profit reached KZT 20.1 billion, up 25% y/y. Excluding last year's one-off gain from engine sale-and-leaseback, operating profit would have grown 46% y/y. Airport handling and navigation costs rose 32% y/y, passenger service costs 52% y/y, sales expenses 36% y/y, and staff/crew costs 30% y/y. Overall operating expenses rose 31% y/y, slightly outpacing revenue growth. However, cost per available seat kilometer (CASK) fell 6.5% y/y. Depreciation and amortization also contributed to higher costs. EBITDAR margin was 26.5% vs. 26.6% a year earlier, while EBITDAR in tenge rose 29% y/y. Despite higher finance costs from aircraft leases, net profit was KZT 9.2 billion (+25% y/y). EPS for H1 2025 was KZT 15.2 (+139% y/y). Free cash flow (including lease payments and sale-and-leaseback proceeds) was KZT 40.8 billion, up 33% y/y. This boosted the company's cash position to a record KZT 276 billion at end-June 2025, even after dividend payouts.

Our opinion and valuation model changes. We consider Q2 results moderately positive. Revenue growth was supported by international routes to Asia and the Middle East and by domestic operations. Passenger traffic growth in Kazakhstan in Q2 was much stronger than in Q1. EBITDAR margin held steady y/y, supporting strong cash generation; excluding last year's one-off, margin improved. The valuation model was updated with new financials. We raised WACC due to a sharp rise in Kazakhstan's 10-year government bond yields, which in overall slightly lowered the target price. However, stronger-than-expected passenger traffic drove upward revisions to key financial and operational forecasts. Our updated target price for Air Astana is **KZT 960** per share, implying **26% upside** from the last market price. Recommendation – **"Buy."**

APPENDIX

Illustration 1. Key changes in the latest version of the valuation model

Changes	Date of valuation		Change, %	Comments
	05.05.2025	12.08.2025		
EBITDAR, 2025, billion KZT	154	159	+3,3%	Higher revenue growth expectations
WACC, %	17,6%	19,3%	+1.7 pp	Risk-free rate increases due to rising government bond yields
Air Astana ASK, billion	17,3	17,9	+3,5%	Stronger passenger numbers growth in Q2

Illustration 2. Previous recommendations and price targets from Freedom Broker. (B - "buy", H - "hold", S - "sell")

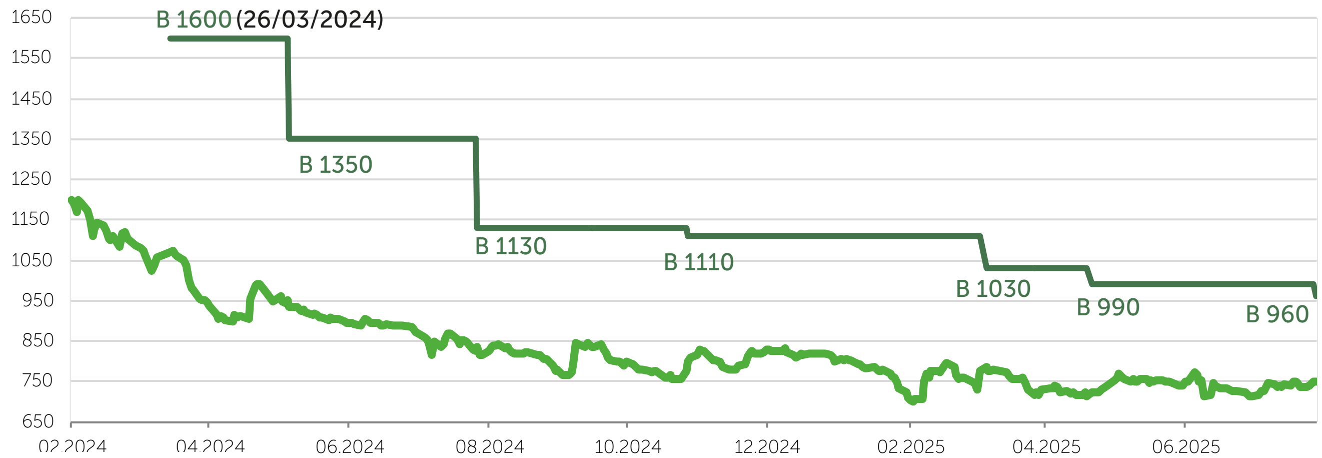

Illustration 3. P/E and EV/EBITDAR multiples according to Freedom Broker estimates

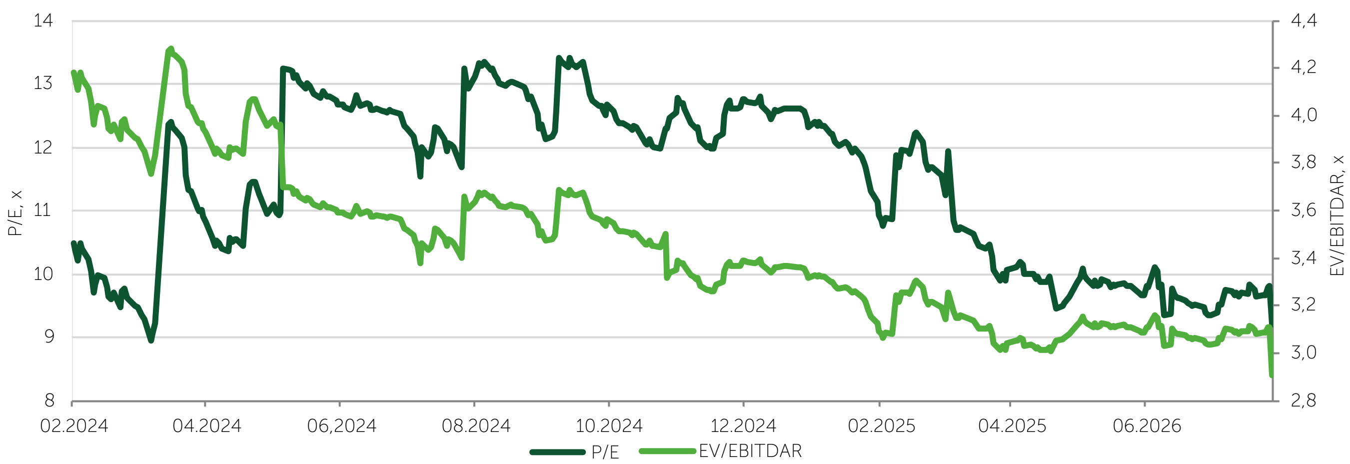

Illustration 4. Current Rating Percentage from Freedom Broker for KASE securities

Recommendation	Quantity	Percentage
Buy	7	70%
Hold	2	20%
Sell	1	10%

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