

# Air Astana seeks \$100m investments from IPO proceeds

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Olivier Bonnassies

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Air Astana Group plans to apply the net proceeds of its initial public offering towards the growth of the business and ancillary activities.

The company will issue 50,526,315 shares comprising 14% of its issued share capital on the closing date and raise gross proceeds of \$120 million. According to its prospectus, the estimated expenses in connection with the offering will be approximately \$12.5 million.

The group intends to hold the \$100 million from net proceeds as cash on its balance sheet for the purchase of six spare engines expected to be purchased between 2024 and 2028, the purchase of a second L3 Harris Seven Reality A320 Full-Flight Simulator in 2025; and the construction of a hangar in Almaty airport to be undertaken between 2024 and completed in 2027.

The \$7.5 million balance will be applied for future organic and inorganic investments and general corporate purposes.

The offering comprises the sale of shares and global depository receipts (GDR) held by BAE Systems and Sovereign Wealth Fund Samruk-Kazyna, in addition to new shares and GDRs issued by the company.

The Air Astana Group offering comprises a domestic offer by the company and the selling shareholders comprising an offering of shares in the form of 7,533,109 GDRs and in the form of 60,393,877 shares. In addition the global offer by BAE comprises an offering of shares in the form of 14,187,643 GDRs. Offer price is \$9.50 per GDR and Kazakhstani Tenge 1,073.83 (\$2.4) per share.

Application has been made for up to 2,128,146 GDRs which may be issued pursuant to the over-allotment option, if exercised, and up to 16,260,312 GDRs to be issued from time to time against the deposit of shares, the prospectus reveals.

Air Astana commenced conditional trading of GDRs on the London Stock Exchange on 9 February.

“The event today reflects the strong foundations of the Air Astana Group and the compelling prospect of increased air travel across our key markets. The listings in London and Kazakhstan create the perfect platform for local Kazakh investors and international investors to participate in our success story as we continue to grow into one of the top international airline groups,” commented Peter Foster, president and chief executive officer at Air Astana Group.

Air Astana Group's adjusted EBITDAR totalled \$249.8 million at the end of the third quarter of 2023, versus \$218 million a year earlier.

As of 30 September 2023, net debt was \$383 million, down from \$492 million at the end of 2022. Net debt to adjusted EBITDAR was 1.2x as of 30 September 2023, down from 1.7x in 2022.

The carrier's net debt to adjusted EBITDAR was 2.5x in 2021.

Air Astana's operating profit increased by \$11.4 million, or 12%, to \$107.5 million for the nine months ended 30 September 2023 from \$96.1 million for the nine months ended 30 September 2022.

Subsidiary Fly Arystan's operating profit increased by \$5 million, or 21%, to \$28.6 million for the same period from \$23.6 million for the nine months ended 30 September 2022.

As of 30 September 2023, the Air Astana Group had \$478.1 million of total available liquidity consisting of \$163.7 million available to borrow under the Halyk Bank loan and the Citi loan and \$314.4 million cash and bank balances.

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