



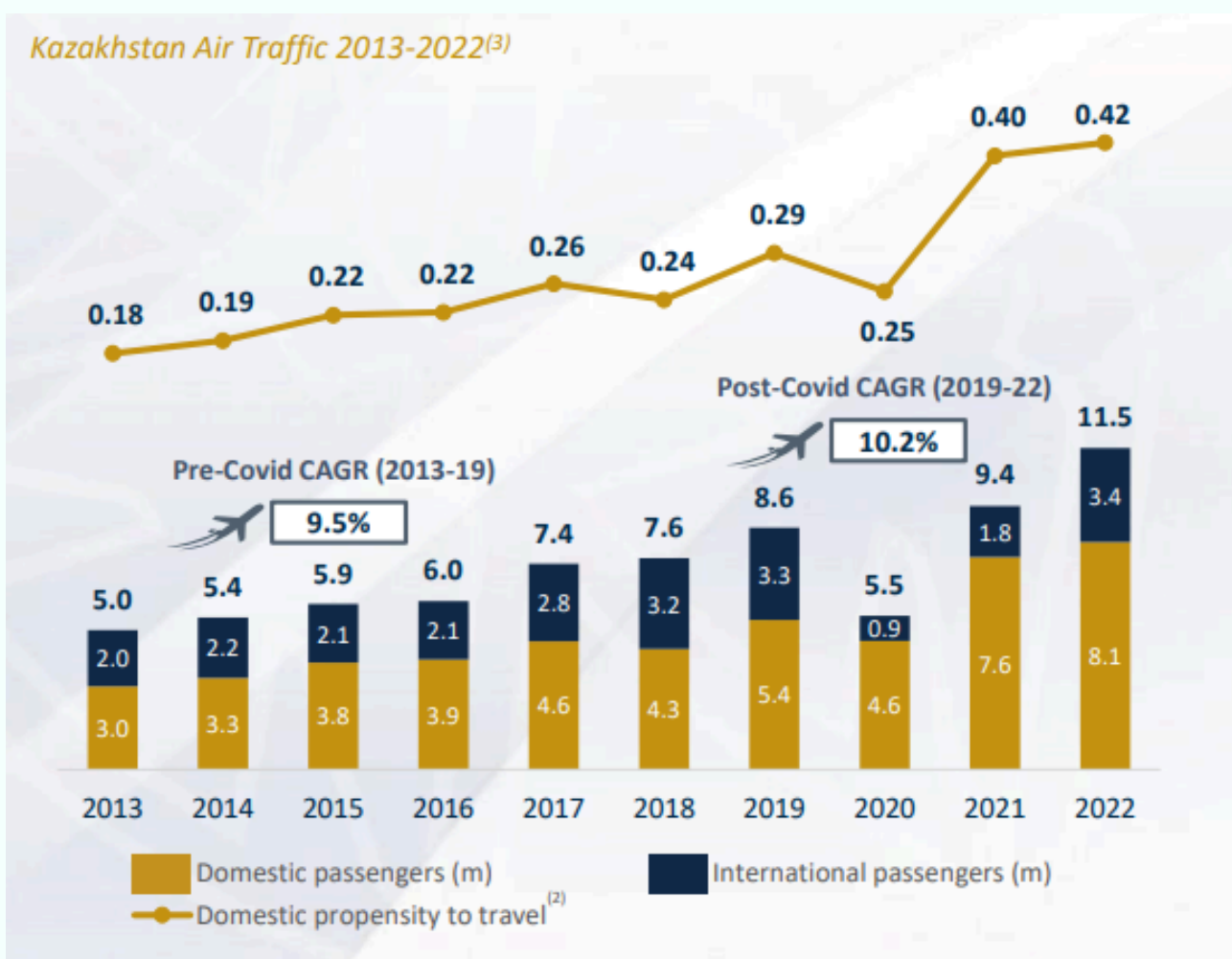
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Aviation Industry of Kazakhstan: Growth & Potential

Overview

Kazakhstan's airline industry is growing rapidly, reflecting the country's increasing economic ties with regional and global markets. The two dominant carriers in the country are Air Astana and SCAT Airlines, followed by smaller companies like FlyArystan (Air Astana's low-cost subsidiary) and Qazaq Air. In 2023, Kazakhstan's airlines served over 13 million passengers which is 26% more than the results in 2022.

Air Astana, the flagship carrier, transported nearly 6 million passengers, while FlyArystan accounted for a significant portion of the total, with over 3 million passengers. SCAT Airlines contributed around 2.8 million passengers to the total. Also, the income of the companies is rapidly increasing. For example, Air Astana has shown record earnings in 2023. Their revenue and other income amounted to \$1.2 Billion (\$1 Billion in 2022), increasing by 20% from the last year.



● Graph 1: The growth of passengers from 2013 to 2023



● Air Astana and Fly Arystan airplanes

2. Destinations

Kazakh Airlines flies both domestically and internationally. Domestically, they connect major cities such as Almaty, Astana, Shymkent, Aktau, and Karaganda. Internationally, Air Astana operates flights to destinations in Europe (e.g., Frankfurt, London), Asia (e.g., Seoul, Beijing, Bangkok, Phuket), and the Middle East.

SCAT Airlines also offers flights to Central Asian countries, Russia, Thailand, Turkey, and European destinations. FlyArystan, focusing on low-cost regional services, predominantly serves Central Asia and nearby international destinations.

3. Airplane Models

Kazakhstan's airlines have diverse fleets. Air Astana operates a modern fleet primarily composed of Airbus A320, A321, and Boeing 767 aircraft. Today, the Air Astana group fleet consists of 54 aircraft.

Similarly, SCAT Airlines' fleet includes Boeing 737 and Bombardier CRJ200 aircraft, while FlyArystan uses Airbus A320 models. Qazaq Air, which serves mainly domestic routes, relies on Bombardier Dash 8-Q400 planes.



● Qazaq Air Airplane for the Domestic Flights



4. Government's Plans to Update the Fleet by 2026

The Kazakh government has set an ambitious plan to significantly modernize its airlines' fleets by 2025. This plan includes acquiring modern, fuel-efficient aircraft to enhance safety, reduce carbon emissions, and ensure compliance with international aviation standards. For example, by the end of 2025, it is planned to increase the aircraft fleet of Air Astana by 25 units. The government aims to boost passenger capacity and expand regional and long-haul flight options. The fleet renewal will focus on acquiring newer Airbus and Boeing models.

5. Foreign Airlines Entering the Market

Kazakhstan is attracting foreign airline companies looking to tap into the country's strategic position. Major international airlines like Lufthansa, Turkish Airlines, Qatar Airways, and Aeroflot have already established regular routes to major Kazakh cities. With the government's push for liberalizing air transport, more carriers, including those from the Middle East and Southeast Asia, are likely to enter the market in the coming years, further increasing competition and enhancing connectivity.

Particularly, SOVICO Group, a prominent Vietnamese conglomerate, has acquired a substantial stake in Kazakhstan's regional airline, Qazaq Air. The acquisition is expected to enhance Qazaq Air's fleet management, introduce more efficient aircraft, and expand its route network. Furthermore, it opens the door for closer economic ties between Kazakhstan and Vietnam, potentially increasing air traffic between the regions and boosting trade and tourism.



● Air Astana and Fly Arystan Destinations