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ENGINEERING AND MAINTENANCE

OUR COMPANY IS COMMITTED TO ENSURING THE HIGHEST STANDARDS OF FLIGHT SAFETY, AS WELL AS IMPROVING THE EFFICIENCY OF AIRCRAFT MAINTENANCE. OUR GOAL IS TO BE A REGIONAL LEADER IN TERMS OF ENGINEERING CAPABILITIES, WITH LEADING MAINTENANCE, REPAIR AND OPERATIONAL FACILITIES IN ASTANA, ALMATY AND ATYRAU. TECHNICAL TRAINING AND AIRCRAFT MAINTENANCE ARE PROVIDED IN ACCORDANCE WITH THE REQUIREMENTS OF THE EUROPEAN AVIATION SAFETY AGENCY (EASA) AND THE DOMESTIC CIVIL AVIATION COMMITTEE (CAC).

Despite the challenging economic environment, 2017 was a successful year for our Company, highlighted by the following:

- » the opening of a new state-of-the-art maintenance and support facility in Astana;
- » obtaining EASA approval to conduct Boeing 767 training at our own training school;
- » completing and launching Tech Pubs, a system developed in-house that provides access to all required documents, manuals and processes in one place;
- » renewing the lease on a hangar in Almaty for an additional five years.

Engineering and maintenance activities

We maintain our aircraft in accordance with the requirements of the EASA, the Aruban Department of Civil Aviation (DCA) and the domestic Civil Aviation Committee, all of which routinely perform detailed audits of processes and

procedures. In addition, after detailed audits of our operations in Almaty, Astana and Atyrau, the EASA Part 145 and IATA Operational Safety Audit approvals were renewed in 2017.

Our maintenance activities in 2017 included 24 major maintenance checks at various third-party maintenance and repair organisations in China and Europe. In Kazakhstan, routine engine changes, landing gear changes, A-checks and a comprehensive array of structural repairs as a result of bird strikes and ramp damage were carried out.

From August, the Maintenance Control Centre started the real-time monitoring of defects in our Embraer fleet using its Ahead-Pro system.

Furthermore, several major cabin improvement initiatives continued in 2017, including the installation of streaming IFE entertainment systems on 16 aircraft and the provision of Internet connectivity on our Boeing 767 fleet. During the summer, our Company's own Ground Support Equipment Department serviced all

ground and de-icing equipment to get it ready for the winter season.

Our Company's workshops continued to develop, with the establishment of a welding station for repairing luggage containers, an IFE headphone repair station (which has to date repaired 4,700 pairs of headphones that previously would have been scrapped) and a shop for replacing the batteries in emergency location transmitters.

We were again named the Best Airline in Asia and India by Skytrax, and the Cabin Cleaning Department was singled out with the following comment: "Cabin cleanliness standards are achieving 4.5- to 5-star-quality levels; this is a high-performing area for Air Astana."

Engineering Sales

The Engineering Sales Unit continued to successfully market our maintenance services in 2017, providing additional revenue from training and workshops. With the opening of our maintenance facility in Astana, there are numerous



additional third-party opportunities that are being actively explored. The unit co-ordinates requests from third-party airlines for technical assistance, logistics and customs clearance services and services related to the handling and storage of materials. It also co-ordinates aviation training at our school.

Apprentice Training Programme

A substantial in-house project was undertaken to address the shortage of skilled maintenance staff in Kazakhstan. As a result of the project, it became clear that it would be highly beneficial for our Company to address this shortage by introducing an apprentice training programme. Once introduced, the programme will train current students in conjunction with a partner from Europe. Upon completion, they will be EASA-qualified and will provide a source of new mechanics to support our expansion.

Outlook for 2018

Our outlook and key plans in 2018 include:

- » commencing maintenance operations in Astana to support the Boeing 767 fleet and all Astana-based aircraft
- » commencing the apprentice training programme
- » working to introduce new Airbus 321 NEO aircraft into the fleet
- » preparing for 2019 lease returns and aircraft deliveries
- » continuing to develop third-party customer services, particularly in Astana
- » continuing to develop workshop capabilities
- » developing new revenue streams by providing maintenance services