



MEDIA ANNOUNCEMENT

For Immediate Release

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PNG Air reports improved-2019 half-year results

PNG Air has reported continuing improvement in its performance despite the current negative economic trading conditions which saw significantly fewer people travelling domestically and a lack of growth in the retail sector.

Despite those factors reducing total revenue for the airline, improved efficiency and control of costs would have seen the airline achieve a highly positive EBITDA and an operating profit which was a 151% improvement over the June 2018 operating result had accounting standards remained the same as in 2018. However a change to the accounting standards applicable from January 2019 relating to treatment of aircraft lease costs converted the result to an operating loss of K6.245 million.

“It is disappointing that the reported result does not truly reflect the significant turnaround in the airline’s performance,” said PNG Air’s CEO Paul Abbot. “Applying the new accounting standards masks the improvement in the airline’s operational and cash-flow performance

While passenger revenue declined by 5% as a result of continuing tough trading conditions, cargo revenues showed encouraging growth and were up 19% on the corresponding period in 2018 while activity in the ad hoc charter market pushed total charter revenue up 11%.

“The first half of 2019 mirrored trading conditions in 2018 and highlighted the impact of the continued softening of the PNG economy, the uncertainty regarding resource project timelines and the overall decline in the retail travel market” said Mr Abbot. “Despite those issues the airline through efficiencies has achieved a positive result, without that coming at the expense of customer service or network reliability.”

Mr Abbot said that the turnaround was the result of hard work and a commitment to change by all PNG Air staff.

“The improvement in the airline’s performance for the first 6 months of 2019 provides us with a good platform as we move into the traditional peak travel months. Despite lower than forecast passenger numbers we remain confident of maintaining this improved performance,” Mr Abbot said.

“When it comes to the future, things are bright. With our 7 brand new ATR 72-600 aircraft we have the youngest fleet in PNG. We are currently working with ATR on the order placed in 2016 for an additional 5 aircraft which will greatly increase our ability to offer service frequency and

improve our network reach. The Dash 8 freighter we introduced is performing above expectations and is driving much of the improved Cargo performance.”

“We are confident that with the improved economic confidence that should flow from the recent announcement regarding the Papua LNG project, PNG Air with its network structure, brand new fleet and increased capacity is in a strong position to benefit from new charter opportunities and growth in demand for RPT travel,” Mr Abbot concluded.

PNG Air Ltd operates ATR 72-600 and Dash 8 aircraft to 25 ports throughout PNG, with 410 flights each week carrying over 500,000 passengers each year.

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