

**PNG AIR LIMITED  
ANNUAL MEETING  
FOR THE FINANCIAL YEAR ENDED 2017  
16 July 2021**

**Welcome**

**[Speaker: Augustine Mano]**

Today we are very pleased to welcome those of you participating online through our first virtual meeting platform provided by our share registrar Link Market Services Limited, and those in attendance.

Due to the current COVID-19 pandemic, we thought it prudent to take steps to discourage a physical public gathering and encourage attendance online.

We hope that holding a virtual meeting will assist in further curbing the spread of the COVID-19 virus and encourage greater participation and engagement amongst our shareholders going forward.

**Chairman's Speech**

**[Augustine Mano]**

Financial year 2017 was an interesting year for PNG Air. Operating under its new name for only the second year, the company managed to finally generate a profit before tax of PGK260k, compared to the loss of 2016 of PGK70 million.

The company's financial position was impacted by change in accounting policies mainly in the treatment of lease accounting, which also resulted in the adjustments of the financials.

Even though the profit was small, it was a turnaround of PGK71m from last year. This result was a promising outcome given the history of the airline where it struggled to breakeven. It was also a sign that the airline is heading for better times in the future. A few key factors enable the company to achieve the results.

The market was thrilled with the new ATR 72-600's that were introduced in 2016 which flowed through to 2017 gaining widespread acceptance by the travelling public who wanted to try this modern brand new plane in Papua New Guinea. The new fleet provided a sense of pride to the nation and the strong desire for the public to test by travelling.

PNG Air was able to introduce more destinations into its schedule as the new planes, which are turbo props were able to comfortably land and take off only needing a much shorter runway, which were existing at some of these airports. The new destinations increased the market share of the organisation and consequently generated a higher level of revenue compared to financial year 2016, as well as providing a valuable community service.

During the first half of 2017, our major shareholders Nasfund and MRDC have contributed additional funds to the company to enable the company to grow. With the additional capacity of the new ATR's compared to the DASH8's, growth is crucial to cater to the additional capacity that the airline has. This contribution therefore is coming at the right time for the airline.

## **GOING FORWARD**

Given the challenges faced in today's environment, the company is focused on certain key strategies to ensure business continuity. These include continuous focus on marketing strategies and public relations to increase sales, exploring funding options to reduce debts and achieve business efficiency through cost restructure.

Board hereby takes the opportunity to thank all the shareholders, staff and other stakeholders for their continued trust and support.

Thank you.

*I now invite Mr. Stanley Stevens, PNG Air ACEO to make his remarks.*

## **ACEO's Update**

**[Speaker: Stanley Stevens]**

Operating under its new brand name for only the second year, the company managed to finally break through the struggles of continuous losses in the past many years.

## **FINANCIAL PERFORMANCE**

I am delighted to inform the members of a small profit of PGK0.3 million before tax for the first time compared to the loss of 2016 of PGK70 million. Even though the profit was small, it was a turnaround of PGK70 million from last year. This result was a promising outcome and it was a sign that the airline is heading for better times into the future.

The company declared a profit of PGK6.9m in the ordinary course of business. However, abnormal items of ATR induction, rebranding, Dash 8 impairment and Dash 8 early exits diminished the profit further. The net results is a small profit of PGK0.3 million before tax.

The biggest difference in the turnaround was the re-fleeting of PNG Air and Regular Passenger Travel therefore increased from 2016 by 22%.

Our mining customers Newcrest, which came on board in mid-way in 2017, and St. Barbara have also contributed significantly to high revenue levels via their charter and regular passenger transport business. Compared to 2016, total charter revenue grew by 113%.

The cost of operating ATR aircraft is much lower and from an operational point of view, therefore this was a great advantage for PNG Air. Operational savings were mainly achieved from lower consumption of jet fuel. Although substantial savings were achieved, these savings were marred by the high fixed cost in lease payments.

#### **OTHER ACHIEVEMENTS AND PROJECTS DURING 2017**

- We joined with Post PNG to increase our sales distribution throughout the country.
- Two additional brand new ATR 72-600 aircraft were introduced to the Airline's fleet during 2017, increasing the ATR fleet size to seven. The Airline now has the youngest fleet in PNG, which highlights the commitment of the Airline to ensure quality aviation services.
- The Airline completed conversion of one of its Dash 8 aircraft to full freighter configuration, allowing transport of up to 4 tonnes of freight and offering a new alternative for primary producers, businesses and projects to move cargo around PNG.
- PNG Air maintains gold safety registration on Basic Aviation Risk Standards (BARS). Only eight companies worldwide are approved to perform BARS Audits.
- Ground services provision to other airlines also contributed to the results. These services will extend in 2018 and beyond to other foreign airlines.

I will now hand back over to the Chairman.