



**KAZATOMPROM**

NATIONAL ATOMIC COMPANY

# 2019 Half-Year Results Conference Call

August 27, 2019

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## Very little change in sentiment through first half of 2019

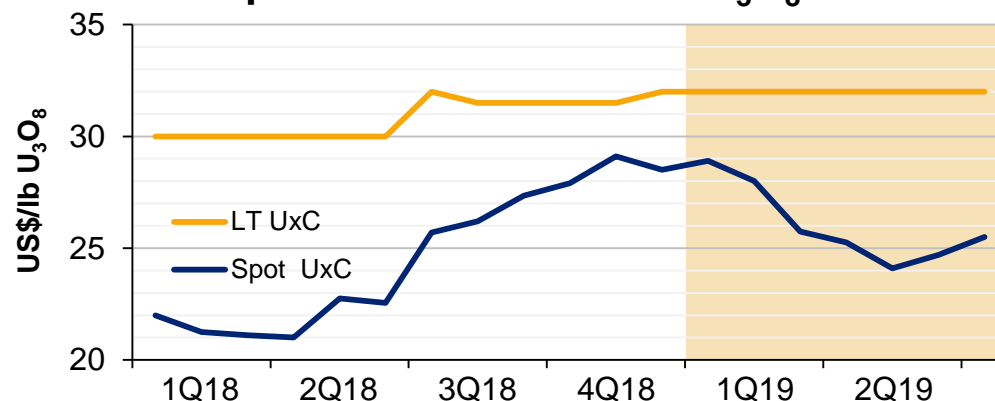
### Continued uncertainty:

- Awaited 232 decision through 1H19
- In July, US President decided against trade action in US uranium market
- US Nuclear Fuel Working Group established to review US fuel cycle

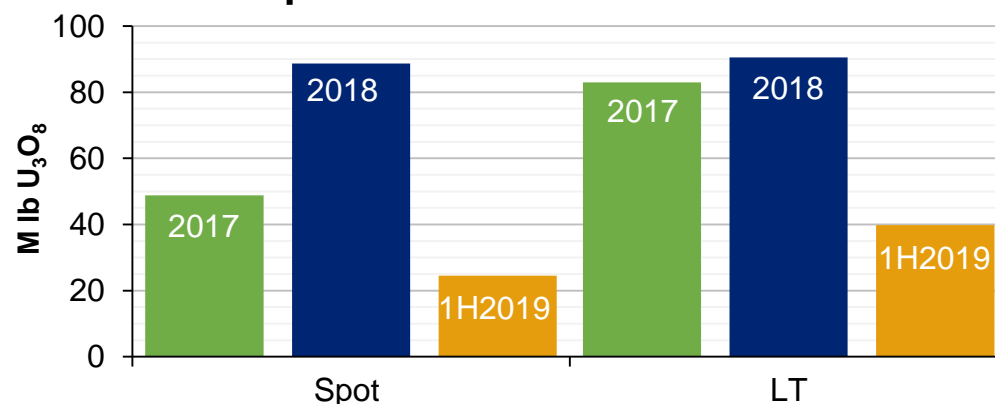
### Kazatomprom's activity:

- Not supporting low spot price
- Selling only where aligned with value strategy
- Extended production cut through 2021

### Spot and LT Month-end $U_3O_8$ Price



### Spot and LT Contract Volumes



Source: UxC

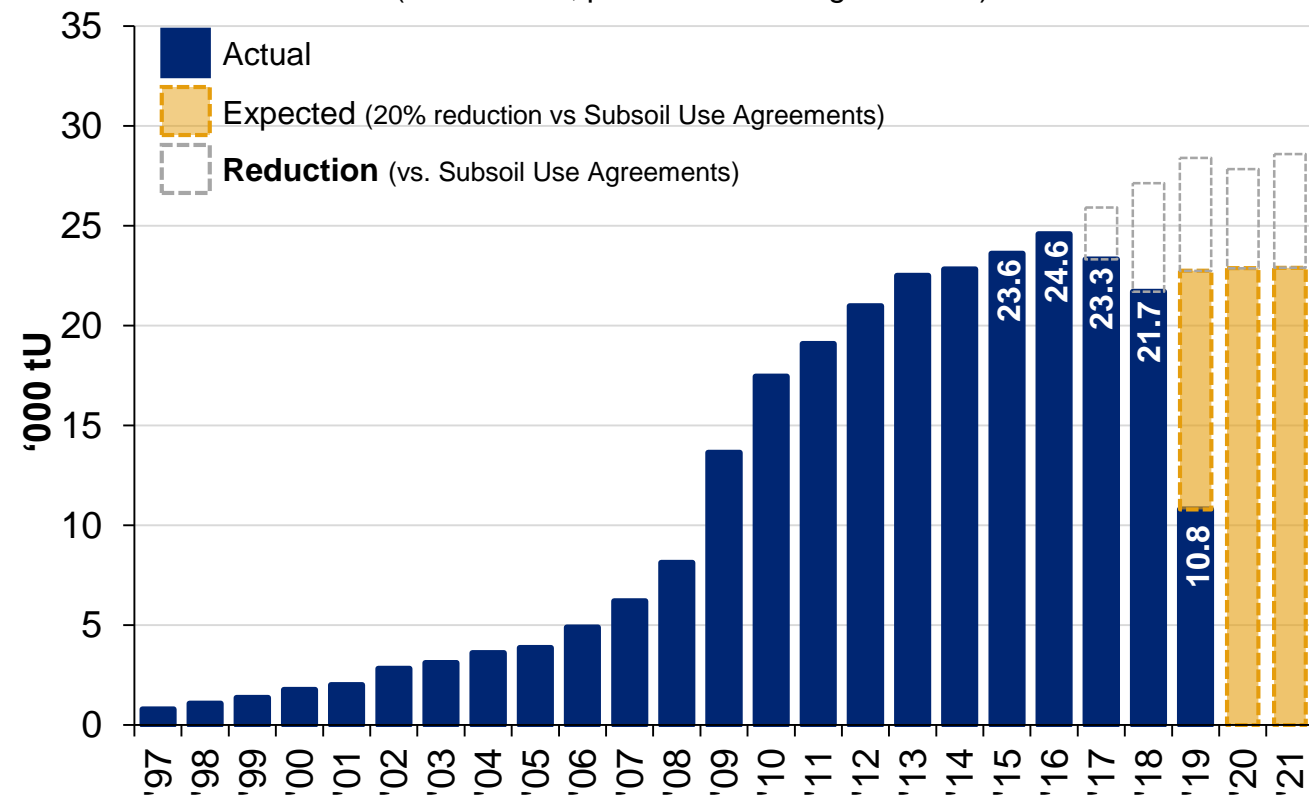
# Committed to Market Discipline



## Extension of 2018-2020 production cut into 2021

### Kazakhstan Production Volume

(100% basis, per subsoil use agreements)



### Significant supply impact

- 2017-2019:  
Reduced **~13,500 tU** total
- 2020-2021:  
Reduced **~11,000 tU** total

**In total, now equivalent to stopping production in Kazakhstan for about one year**

Source: Competent Persons' Report on the Mineral Assets of JSC Kazatomprom NAC, Republic of Kazakhstan, Kazatomprom IPO Prospectus, October 31, 2018



# First-Half 2019 Highlights



## Delivering on commitments, creating value

### Strong Health, Safety and Environment Performance



- No major incidents
- Focus on near-miss reporting and accident prevention

### Met commitment of US\$200M dividend payment for 2019 (KZT equivalent)



- Paid first dividend of KZT 80 billion in June 2019 (308.46 KZT/share)
- Minimum dividend of US\$200 million in 2020

### Value-over-volume strategy for production, market-centric approach to sales



- 2019 production on track to be 20% lower than Subsoil Use Agreement volumes
- Selling according to value strategy

### Continual improvement in transparent public reporting

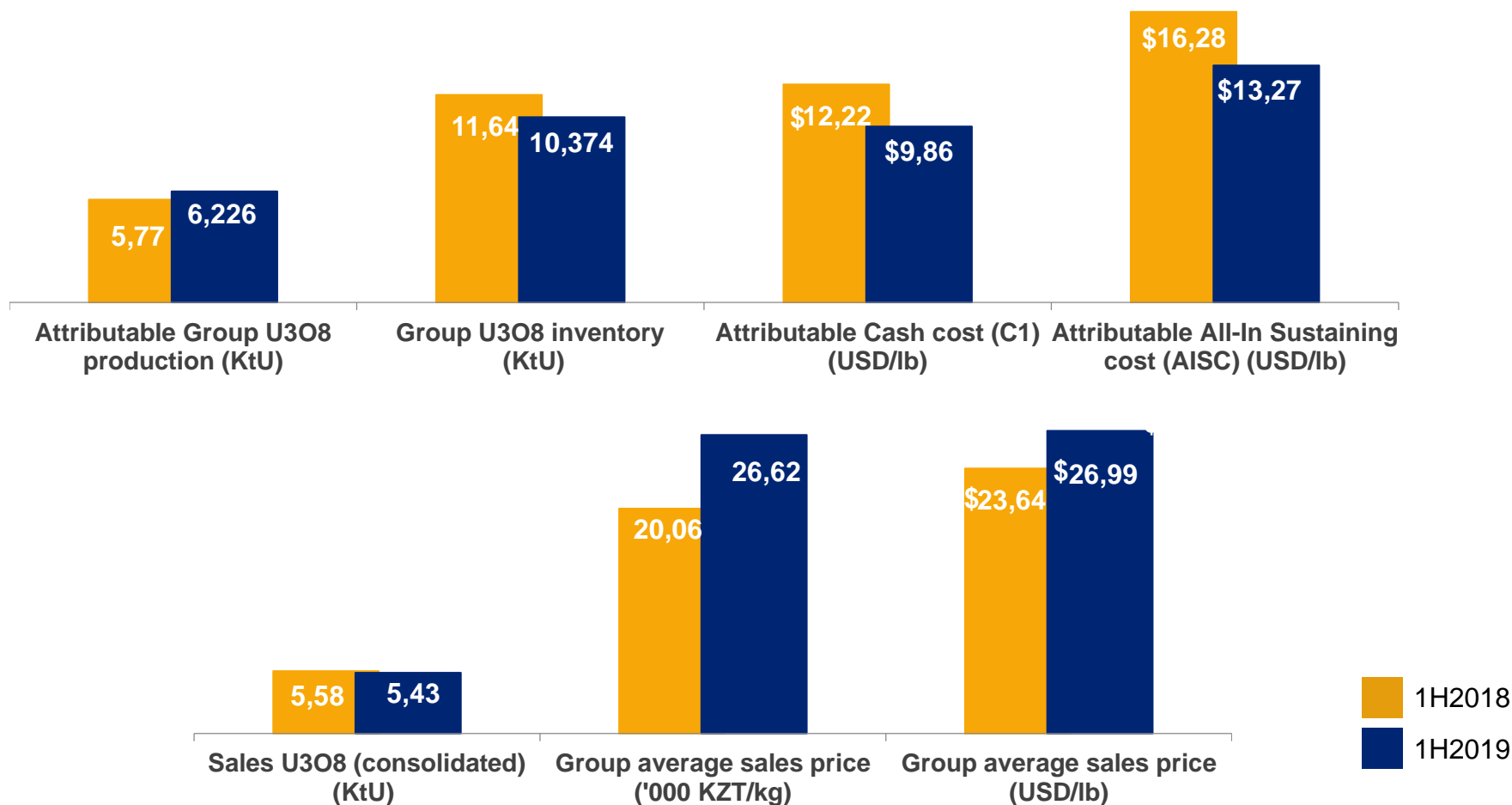


- Providing asset-level production volumes going forward

# First-Half 2019 Results



## Production and sales metrics

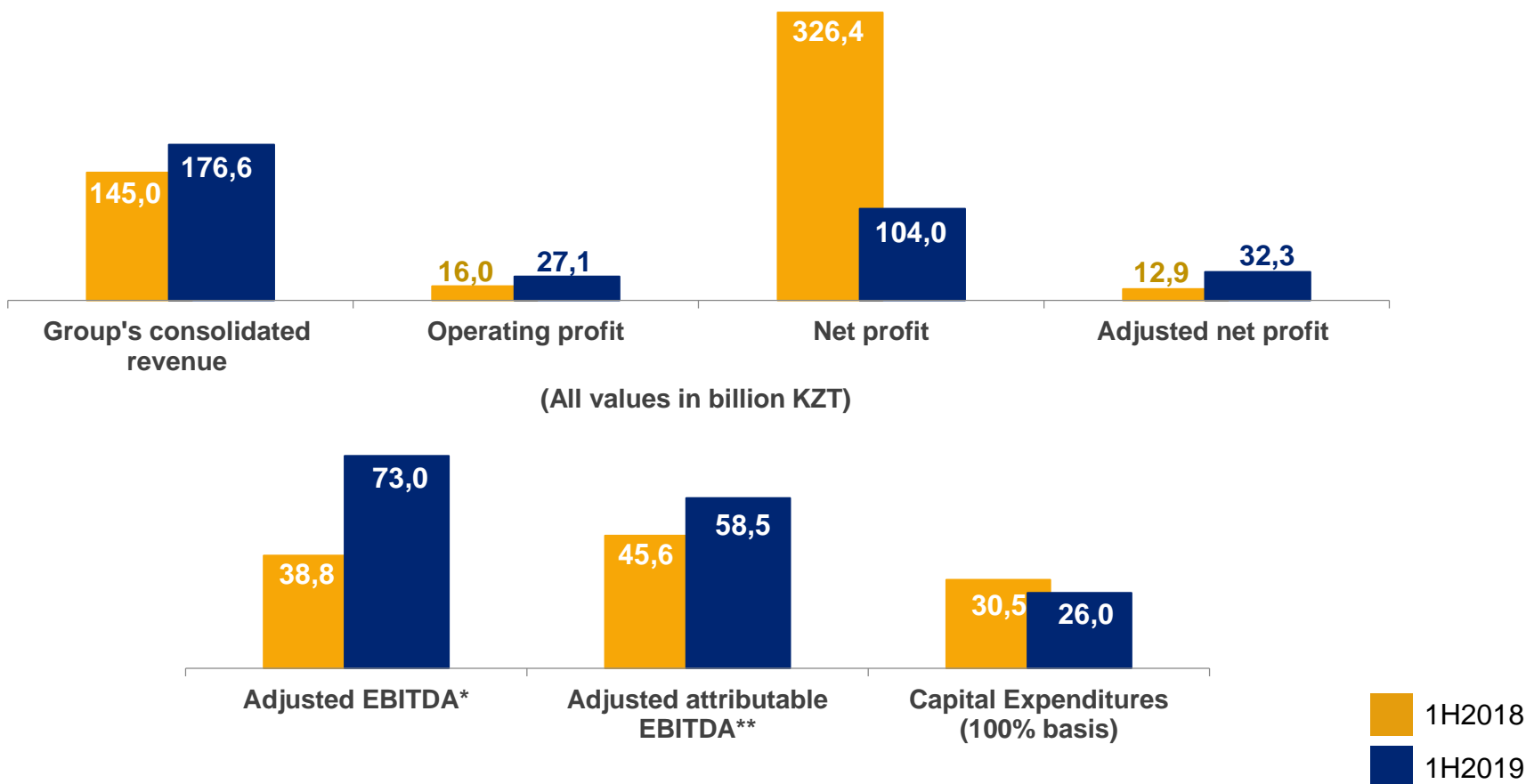


\* Note that the conversion of kgU to pounds U<sub>3</sub>O<sub>8</sub> is 2.5998.

# First-Half 2019 Results



## Key financial metrics



\* Adjusted EBITDA is calculated by excluding from EBITDA all items not related to the main business and having a one-time effect.

\*\* Adjusted Attributable EBITDA is calculated as an adjusted EBITDA less the share of the results in the net profit in JVs and Associates plus the share of adjusted EBITDA of JVs and Associates engaged in the uranium segment (except Budenovskoye JV LLP's EBITDA due to minor effect it has during each reporting period) less non-controlling share of adjusted EBITDA of Appak LLP, Inkai JV LLP, Baiken-U LLP and Khorasan-U JV LLP less any changes in the unrealized gain in the Group.



## 2019 guidance – consistent focus on value

(Assumes KZT/USD = 370)

Key performance indicators		2018 Actual	2019 Guidance
Production volume (100% basis) <sup>1</sup>	tU	21,705	22,750 – 22,800
Production volume (attributable basis) <sup>2</sup>	tU	11,476	13,000 – 13,500
Group sales volume <sup>3</sup>	tU	16,647	15,000 – 16,000
KAP sales volume (incl. in Group) <sup>3</sup>	tU	15,287	13,500 – 14,500
Revenue – consolidated <sup>4</sup>	KZT billions	436.6	485 – 505
Revenue from Group U <sub>3</sub> O <sub>8</sub> sales (incl. in consolidated) <sup>4</sup>	KZT billions	365.1	392 – 408
C1 cash cost (attributable basis)*	\$US/lb	11.56	\$11.00 – \$12.00
All-in sustaining cash cost (attributable C1 + capital cost)*	\$US/lb	15.08	\$15.00 – \$16.00
Total capital expenditures (100% basis) <sup>5</sup>	KZT billions	75.4	80 – 90

<sup>1</sup> Production volume (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it therefore disregards that some portion of production may be attributable to the Group's JV partners or other third-party shareholders.

<sup>2</sup> Production volume (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, which corresponds only to the size of such interest; it excludes the remaining portion attributable to the JV partners or other third-party shareholders.

<sup>3</sup> KAP sales volume: includes only the total external sales of KAP HQ and THK. Intercompany transactions between KAP HQ and THK are not included.

<sup>4</sup> Revenue expectations are based on uranium prices taken at a single point in time from third-party sources. A spot price of approximately US\$26/lb U<sub>3</sub>O<sub>8</sub> was published in Q3, 2018 and used for 2019 revenue estimates. Revenue could therefore be impacted by how actual uranium prices vary from that assumption.

<sup>5</sup> Total capital expenditures (100% basis): includes only capital expenditures of the mining entities.

\* Note that the conversion of kgU to pounds U<sub>3</sub>O<sub>8</sub> is 2.5998.



# Q&A Session with Management



Galymzhan Pirmatov,  
Chief Executive Officer



Riaz Rizvi,  
Chief Strategy and Marketing Officer



Meirzhan Yussupov,  
Chief Financial Officer







# KAZATOMPROM

## Thank you!



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