



**KAZATOMPROM**  
NATIONAL ATOMIC COMPANY

# CONFERENCE CALL

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# 2023 FULL-YEAR OPERATING AND FINANCIAL RESULTS

17:00 (AST)/12:00 (GMT)/08:00 (ET)

**15 MARCH**



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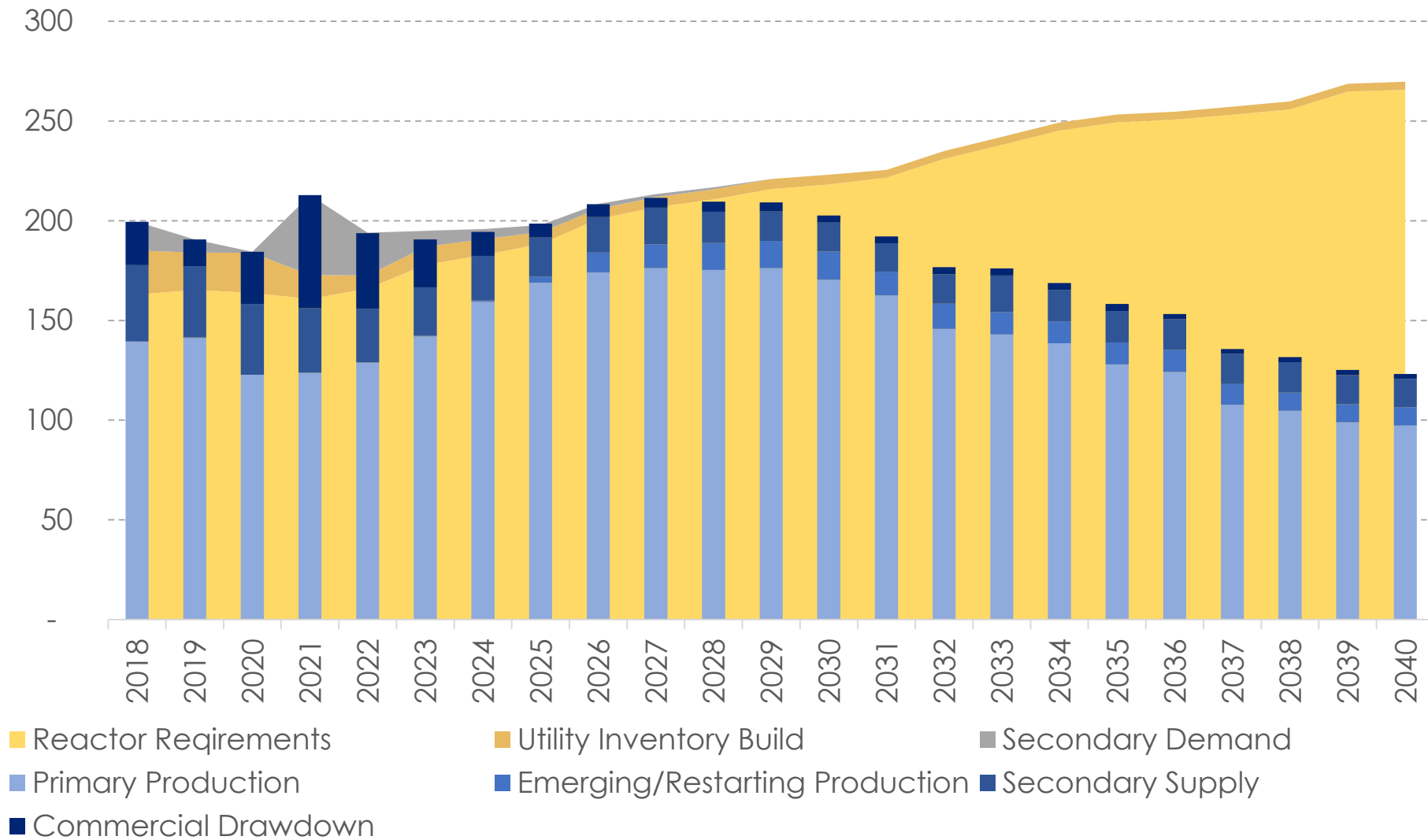
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# Nuclear Power Back in Focus

 Nuclear is key to energy security and net-zero emissions

-  ✓ Part of the solution to achieve carbon neutrality, with no direct carbon emissions, baseload source of energy, available 24/7
-  ✓ Increasingly becoming a part of the national energy security strategies
-  ✓ Stable, baseload power to underpin renewable generation
-  ✓ Thousands of cumulative reactor years of safe power production
-  ✓ Recognized by EU, UK, CA as green
-  ✓ Japan restarts post-Fukushima
-  ✓ More than 20 countries pledged to triple nuclear output by 2050 at COP28

# Long-term Supply/Demand Dynamics



- Widening supply and demand gap
- Long mine development timelines
- Rising prices incentivize new production
- Idle capacity restarts announced
- New potential production is not sufficient to cover demand post-2030

Source: UxC, Uranium Market Outlook 2023-Q3, used by KAP with permission

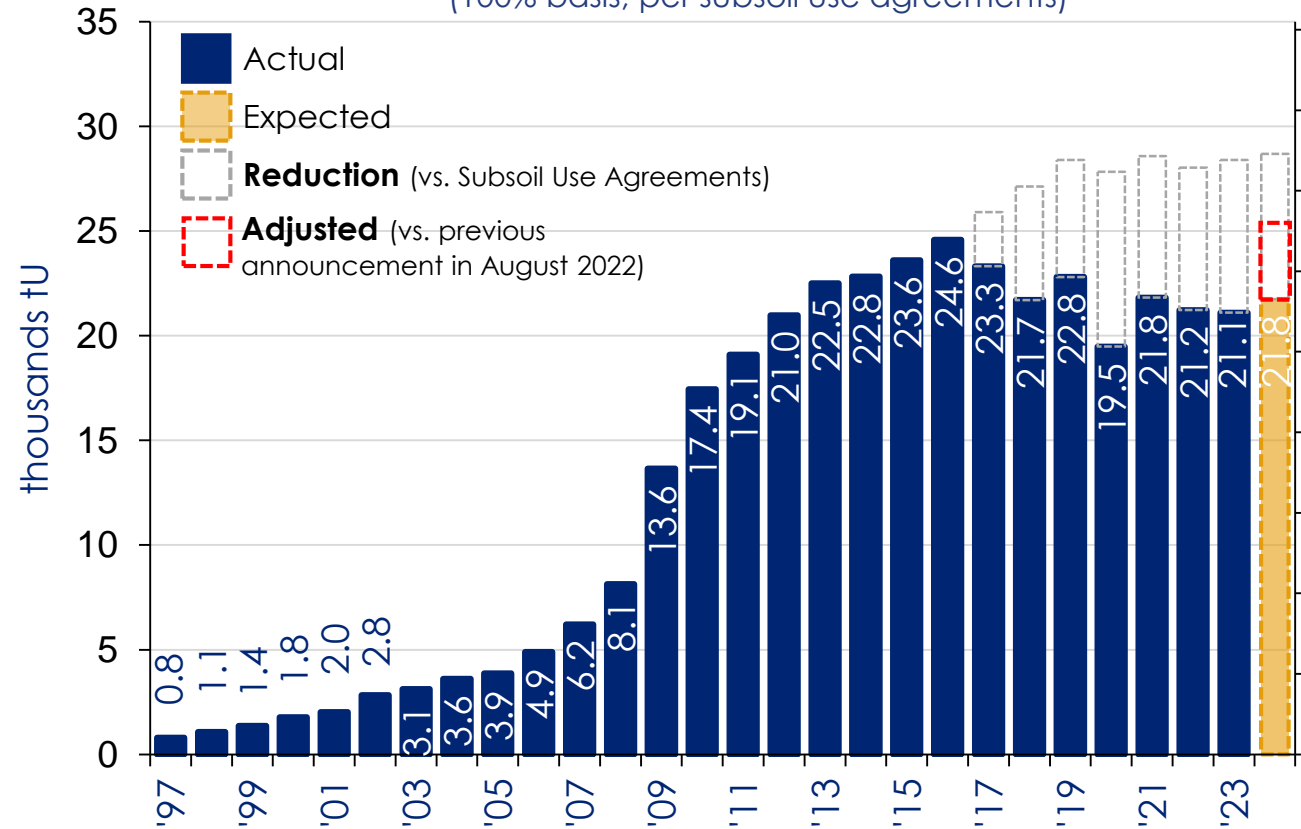
# Committed to Market Discipline



Creating long-term value through value-over-volume strategy

## Kazakhstan Production Volume

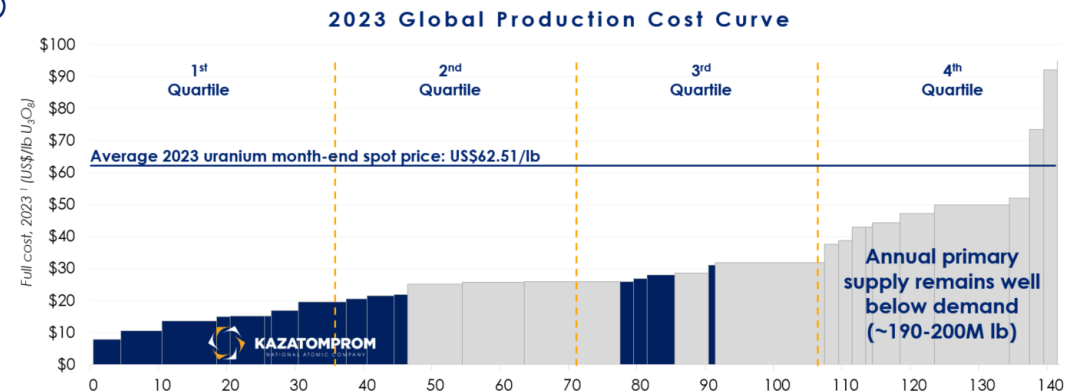
(100% basis, per subsoil use agreements)



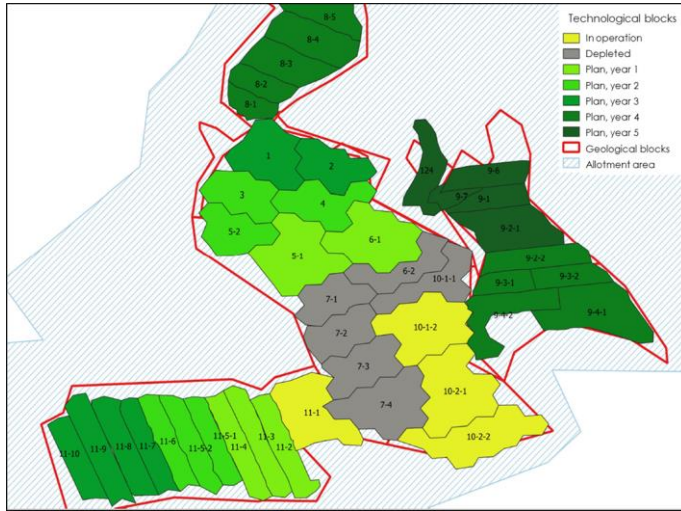
Source: OFR reports, CPR report 2022. Production guidance for 2024 illustrated on the chart as middle of the guidance range disclosed in TU 4Q23. Adjustment refers to difference between initial expectations for 2024 production announced on 19 August 2022 and operating guidance announced on 1 February 2024.

## Significant supply impact

- 2017-2023 (actual): Reduced over **42,800 tU** total
- • 2024 (estimate): **~7,000 tU** total expected reduction vs. SSUs

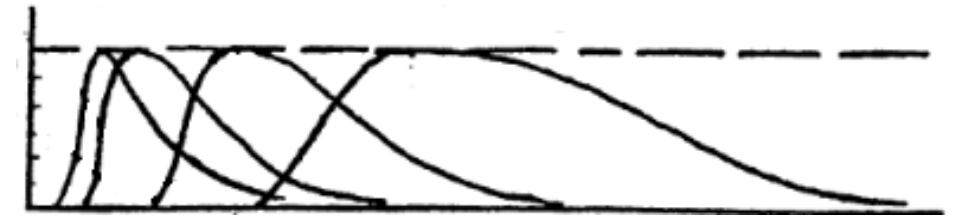


# ISR mining sequence at a deposit

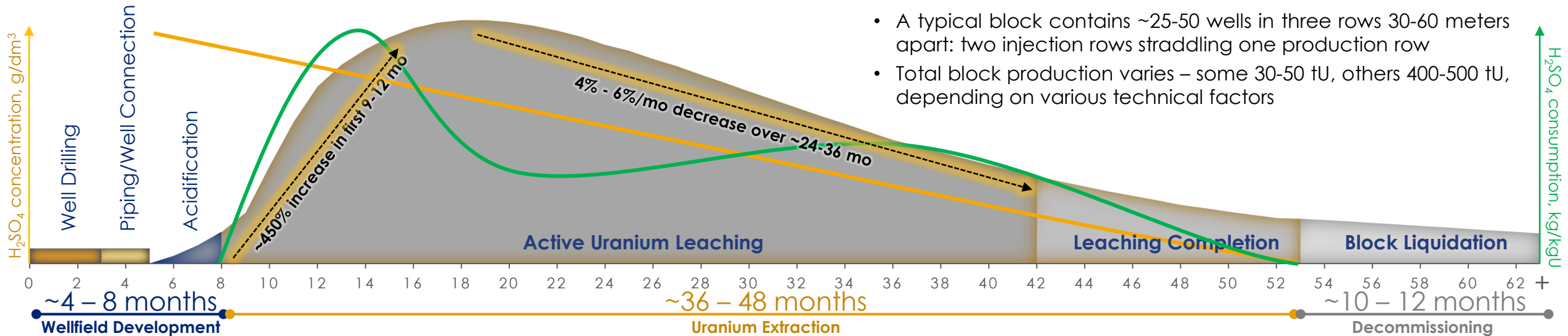


- Deposit development using the ISR method is carried out through a system of technological blocks (without disturbing the earth's surface)

- To provide a stable rate of uranium production, the ISR wellfield blocks should be placed in production in a systematic order. While some units are being leached, others are being prepared for production. When one unit is undergoing passive oxidation, another is in the terminal leach phase, while yet another one is in reclamation.



Wellfield block production profile\*



- A typical block contains ~25-50 wells in three rows 30-60 meters apart: two injection rows straddling one production row
- Total block production varies – some 30-50 tU, others 400-500 tU, depending on various technical factors

\*representative model – specific block and orebody profiles will vary from this statistical model

# Sulphuric Acid – key ISR component

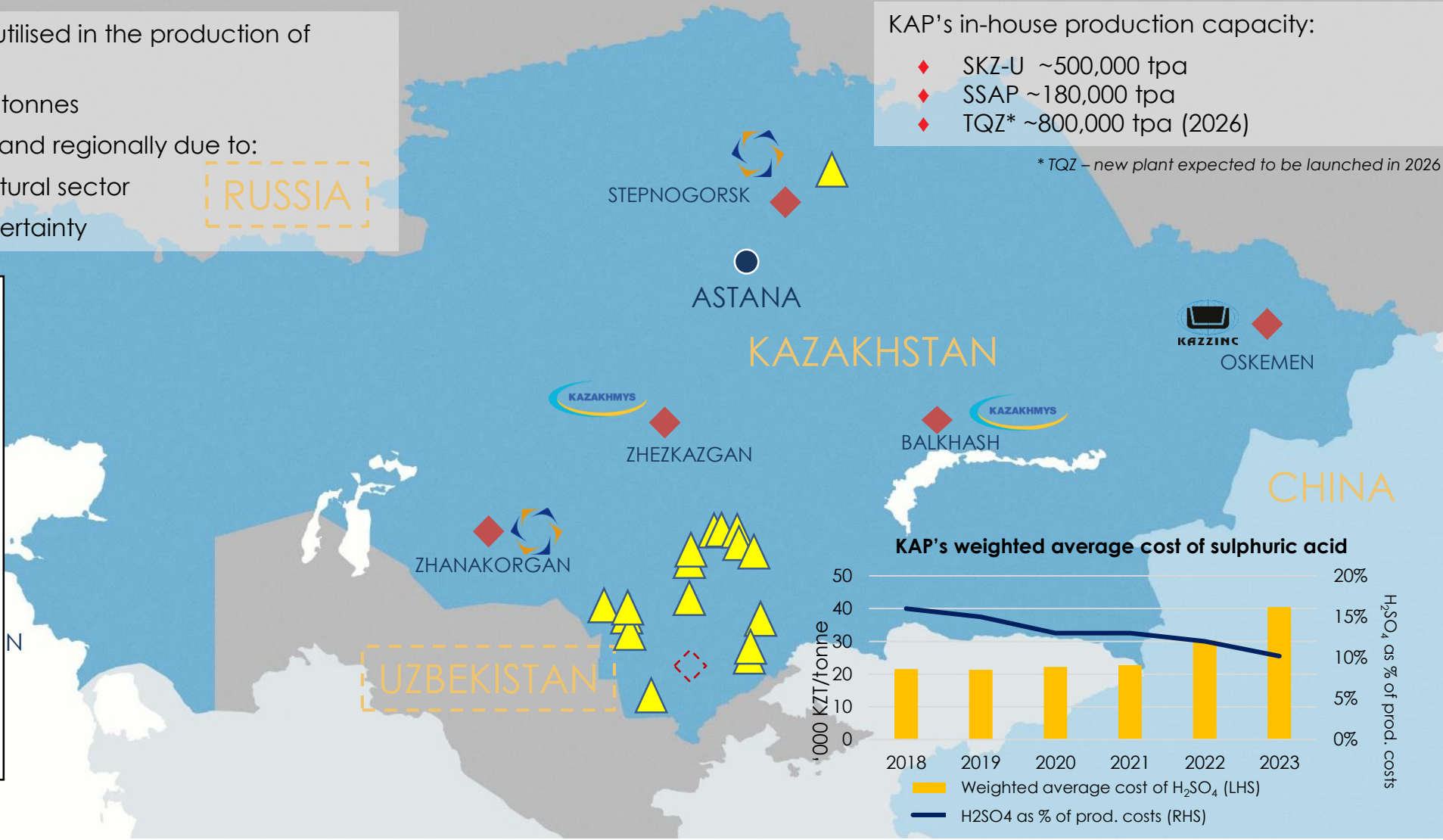


- ~60% of the world's sulphuric acid is utilised in the production of fertilisers
- 2023 Kazatomprom's needs: 1.7 mln tonnes
- Short-term deficit both domestically and regionally due to:
  - growing demand from agricultural sector
  - supply chain, geopolitical uncertainty

RUSSIA

- KAP's in-house production capacity:
- ◆ SKZ-U ~500,000 tpa
  - ◆ SSAP ~180,000 tpa
  - ◆ TQZ\* ~800,000 tpa (2026)

\* TQZ – new plant expected to be launched in 2026



**8**

Corrosive Truck Trailer

tank trailers

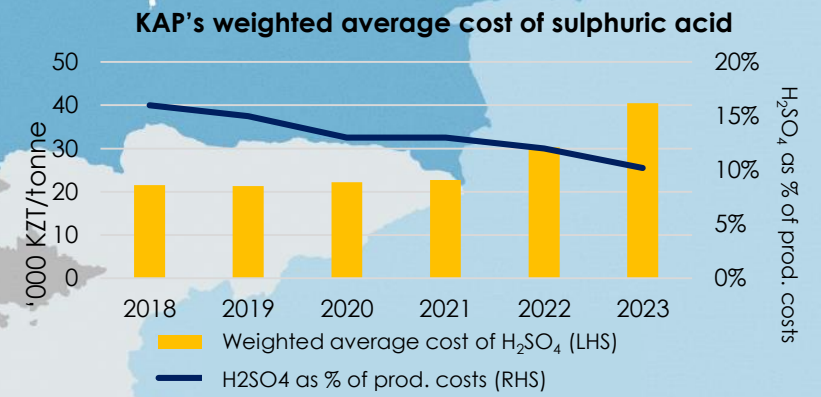
Non-Pressure Railcar

insulated or non-insulated tank railcars

**Sulfuric Acid Transport**

Class 8 (corrosive) materials have strict regulations in terms of transportation requirements due to safety considerations

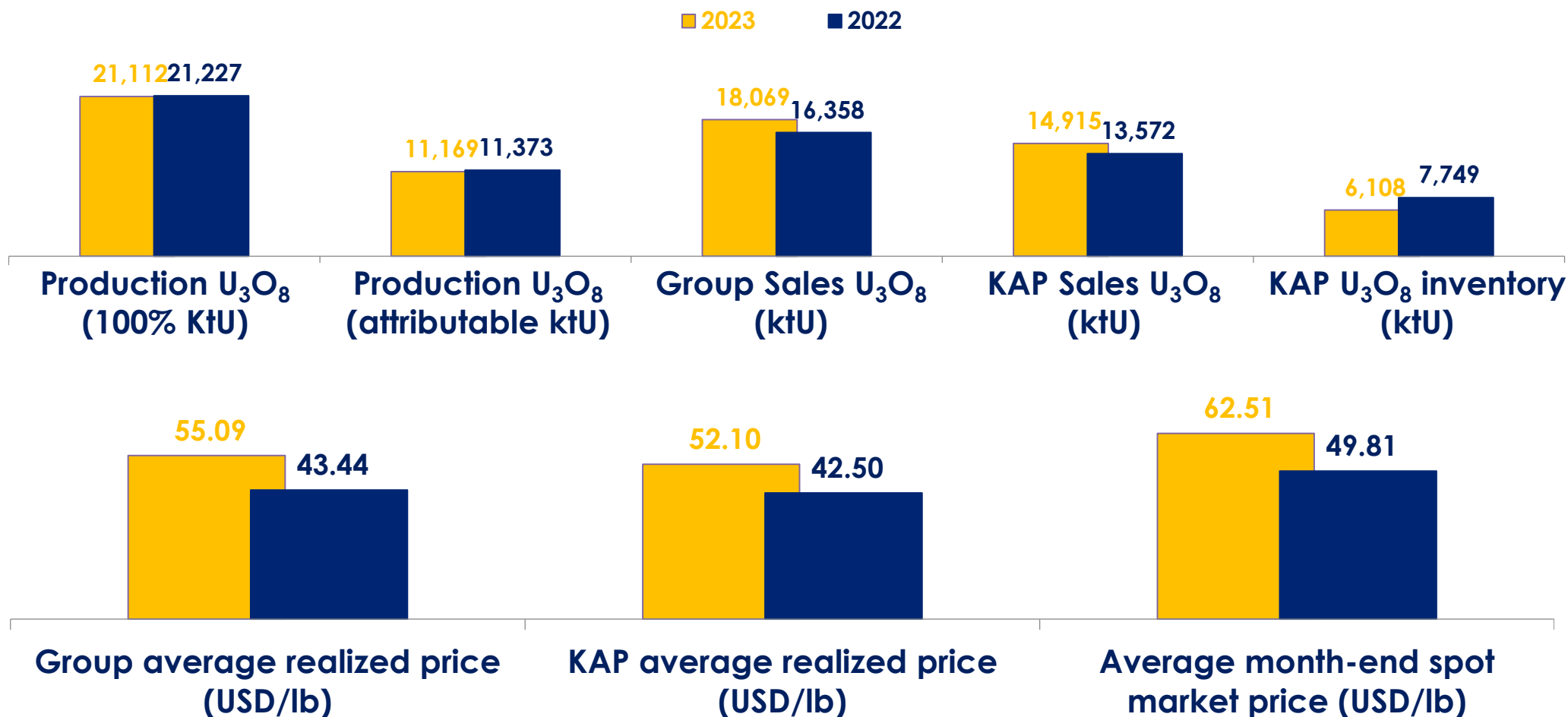
RUSSIA - source of sulphuric acid imports



▲ URANIUM MINES ◆ SULPHURIC ACID PLANTS

# FY2023 Operational Highlights

- Key operational and sales metrics disclosed on quarterly basis





# Existing and Potential Transportation Routes



**Typical delivery timeframe:**

China	Russia	France	North America
14 days	14 days	45 days	60 days

Some of Kazatomprom's products are exported through the northern transport route via the port of St. Petersburg

Kazatomprom continues to monitor the growing list of sanctions on Russia and the potential impact they could have on the transportation of products through Russian territory

Currently there no restrictions or issues to use the northern transport route

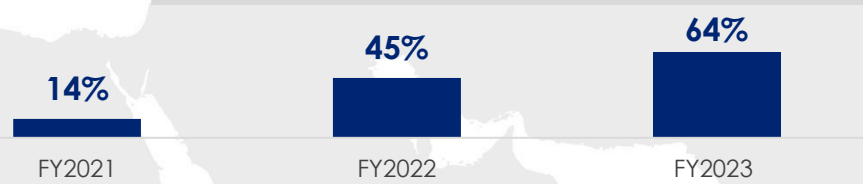


**TRANS-CASPIAN INTERNATIONAL TRANSPORT ROUTE (TITR)** successfully utilised since 2018

Kazatomprom is currently ensuring that TITR has the capacity to potentially accommodate greater quantities for both Kazatomprom and its JV partners

Kazatomprom constantly works on diversifying and improving its transportation capabilities

**TITR deliveries to Western customers**



**Selling expenses as % of C1**

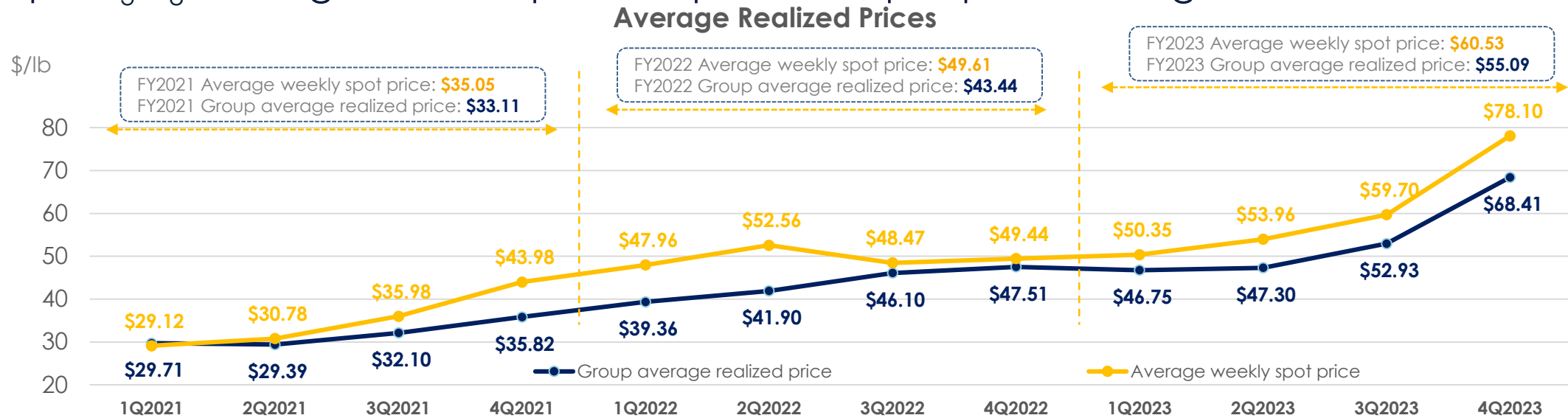


In addition to physical deliveries, Kazatomprom maintains inventories at western converters and has the ability to negotiate swaps with market participants to help mitigate potential risks to Kazatomprom's deliveries to its western customers



# Uranium Sales Price Sensitivity

Group's U<sub>3</sub>O<sub>8</sub> average realized price response to spot price change



Avg. Annual Spot Price (USD)	2024E	2025E	2026E	2027E	2028E
20	30	26	24	25	22
40	42	39	39	39	39
60	56	55	57	57	58
80	68	69	74	73	76
100	79	80	88	87	93
120	90	92	102	100	109
140	100	109	115	114	126

Values are rounded to the nearest dollar. The sensitivity analysis above is based on the following key assumptions:

- Annual inflation is assumed to be 2% in the US for the purposes of this analysis.

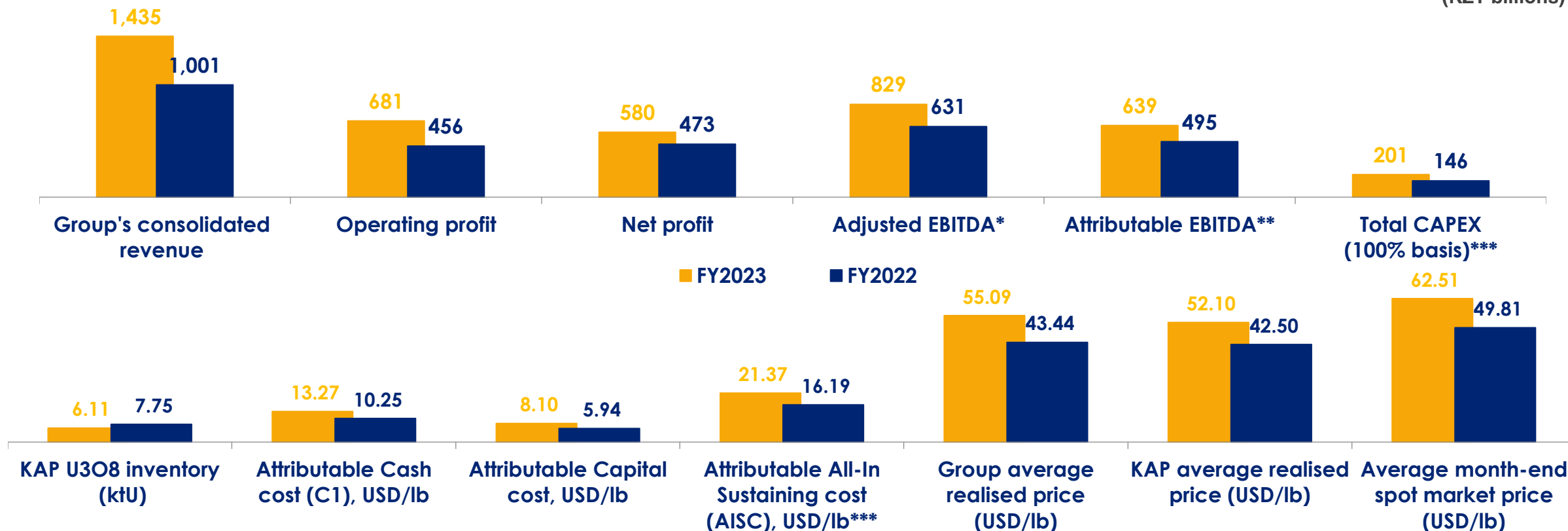
- Analysis is as of 31 December 2023 and prepared for 2024–2028 on the basis of minimum average Group annual sales during the specified period of approximately 18 thousand tonnes of uranium in the form of U<sub>3</sub>O<sub>8</sub>, of which the volumes contracted as of 31 December 2023 will be sold per existing contract terms (i.e. contracts with hybrid pricing mechanisms with a fixed price component (calculated in accordance with an agreed price formula) and / or combination of separate spot, mid-term and long-term prices); Kazatomprom's marketing strategy does not target a specific proportion of fixed and market related contracts in its portfolio in order to remain flexible and react appropriately to market signals.

- For the purpose of the table, uncommitted volumes of U<sub>3</sub>O<sub>8</sub> are assumed to be sold under short-term contracts negotiated directly with the customers and based on spot prices.

# FY2023 Financial Highlights

- Key financial, operational and sales metrics

(KZT billions)



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

\*\* Attributable EBITDA (previously "Adjusted Attributable EBITDA") is calculated as 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 JV "Budenovskoye" LLP's EBITDA due to minor effect it has during each reporting period), less non-controlling share of adjusted EBITDA of "Appak" LLP, JV "Inkai" LLP, "Baiken-U" LLP, "Ortalyk" LLP and JV "Khorasan-U" LLP, less any changes in the unrealized gain in the Group

\*\*\* Total capital expenditures (100% basis): includes only capital expenditures of the mining entities, includes significant CAPEX for investment and expansion projects. Excludes liquidation funds and closure costs.

# Looking Ahead



## 2024 guidance – consistent focus on value strategy

### Key performance indicators

		2024 guidance	2023 guidance	2023 actual
		USD:KZT 460	USD:KZT 460	USDKZT* 456.24
Production volume U <sub>3</sub> O <sub>8</sub> (100% basis) <sup>1,2</sup>	tU	21,000 – 22,500	20,500 – 21,500	21,112
Production volume U <sub>3</sub> O <sub>8</sub> (attributable basis) <sup>3</sup>	tU	10,900 – 11,900	10,600 – 11,200	11,169
Group sales volume (consolidated) <sup>4</sup>	tU	15,500 – 16,500	18,000 – 18,500	18,069
KAP sales volume (incl. in Group) <sup>5</sup>	tU	11,500 – 12,500	14,650 – 15,150	14,915
Revenue – consolidated <sup>6</sup>	KZT billions	1,700 – 1,800	1,370 – 1,410	1,434
Revenue from Group U <sub>3</sub> O <sub>8</sub> sales	KZT billions	1,300 – 1,400	1,120 – 1,160	1,181
C1 cash cost (attributable basis)	\$US/lb	\$16.50 – \$18.00	\$13.00 – \$14.50	13.27
All-in sustaining cash cost (attributable C1 + capital)	\$US/lb	\$26.00 – \$27.50	\$20.50 – \$22.00	21.37
Total capital expenditures of mining entities (100% basis) <sup>7</sup>	KZT billions	250 – 270	200 – 210	201

<sup>1</sup> Production volume U<sub>3</sub>O<sub>8</sub> (tU) (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it disregards that some portion of production may be attributable to the Group's JV partners or other third-party shareholders. Precise actual production volumes remain subject to converter adjustments and adjustments for in-process material.

<sup>2</sup> The duration and full impact including, but not limited to sanctions pressure due to the Russian-Ukrainian conflict and limited access to some key materials are not known. As a result, annual production volumes may differ from internal expectations.

<sup>3</sup> Production volume U<sub>3</sub>O<sub>8</sub> (tU) (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, corresponding only to the size of such interest; it excludes the portion attributable to the JV partners or other third-party shareholders, except for JV "Inkai" LLP, where the annual share of production is determined as per Implementation Agreement as disclosed in IPO Prospectus. Actual drummed production volumes remain subject to converter adjustments and adjustments for in-process material. For JV Budenovskoye LLP, 100% of the 2024-2026 annual production is fully committed for supplying the needs of the Russian civil nuclear energy industry, under an offtake contract at market-related terms.

<sup>4</sup> Group sales volume: includes Kazatomprom's sales and those of its consolidated subsidiaries (according to the definition of the Group provided on page one of this document). Group U<sub>3</sub>O<sub>8</sub> sales volumes do not include other forms of uranium products (including, but not limited to, the sales of fuel pellets).

<sup>5</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>6</sup> Revenue expectations are based on uranium prices taken at a single point in time from third-party sources. The prices used do not reflect any internal estimate from Kazatomprom, and 2023 revenue could be materially impacted by how actual uranium prices and exchange rates vary from the third-party estimates.

<sup>7</sup> Total capital expenditures (100% basis): includes only capital expenditures of the mining entities, includes significant CAPEX for investment and expansion projects. Excludes liquidation funds and closure costs. For 2024 includes development costs for mining infrastructure of JV Budenovskoye LLP, JV Katco LLP (South Tortkuduk) and MC Ortalyk LLP (Zhalpak) for a total amount of approximately KZT 85 billion.

\* The average exchange rate for 2023.

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

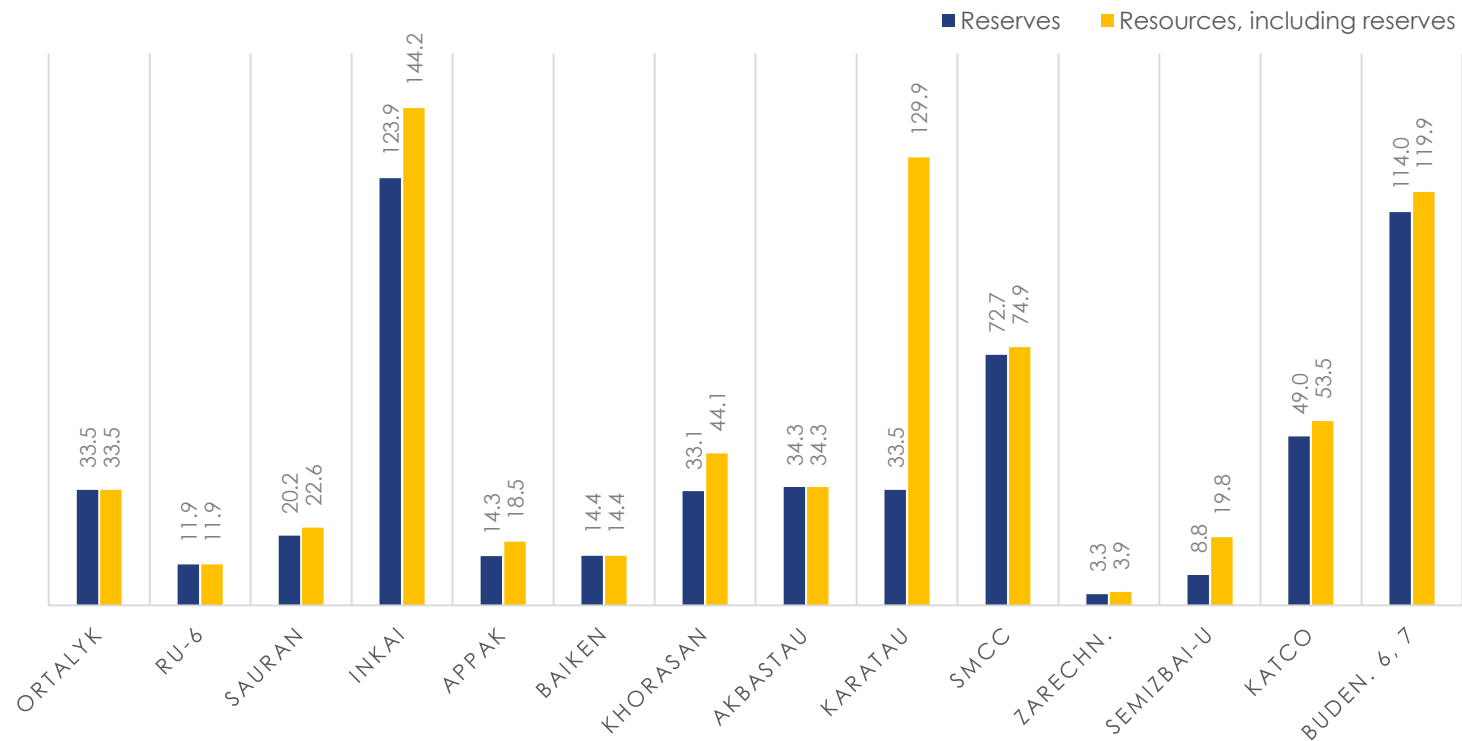
\*\*\* For some JVs, the Company has a right to purchase additional volumes beyond its attributable share if the JV partner chooses to forgo its entitled share of production (beyond the production volume attributable to Company).

# Kazatomprom's Upside Potential



100% Mineable using in-situ recovery (ISR)

## Producing assets reserves and resources (ktU)



## Upcoming projects in the queue:

### Inkai 3 block<sup>1</sup>

- Reserves/resources: - / 83,158 tU

### Inkai 2 block

- Reserves/resources: - / 42,001 tU

### East-Zhalpak and East-Moinkum blocks<sup>2</sup>

- Reserves/resources: - / 35,354 tU

**Large scale exploration program is expected to be launched aimed at resource replenishment and reserves increase**



**Kazakhstan has 12% of the world's uranium resources (2nd largest in the world)<sup>3</sup> with 567 ktU in reserves and 850 ktU in resources, including reserves<sup>4</sup>**

<sup>1</sup> The Company is currently in negotiations with the Ministry of Energy with respect to obtaining SSU Agreement licence for uranium mining at Inkai 3  
<sup>2</sup> As per preliminary expectation of the Company, not accounted for in CPR  
<sup>3</sup> According to World Nuclear Association, as of June 2022  
<sup>4</sup> As of 31 December 2023



**KAZATOMPROM**  
NATIONAL ATOMIC COMPANY

# FY2023 Non-Financial Highlights

## Management turnover



- Remained high in 2023 at both C-Suite and Board level
- Commitment to strategy, strong results

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



- Extension of production cut against subsoil use agreements
- ~42,800 tU removed from global supply to date

## ESG



- Carbon Disclosure Project assessment completed, score “B”

## Dividend payment amounted to 6.3% div. yield



- Paid FY22 dividend in July 2023 which amounted to KZT 201 bln / US\$473 mln (\$1.74/GDR)

## Tax code MET changes



- Tax base is now derived from the market price of  $U_3O_8$  vs cost of production, 28% of C1 in FY23
- Effective starting 01 January, 2023



# OUR STRATEGY: VALUE OVER VOLUME



➤ Focusing on uranium mining as our core business



➤ Optimise production & sales volumes based on market conditions



➤ Create value by enhancing marketing & sales capabilities



➤ Implement best-practice business processes



➤ Develop a corporate culture suitable for an industry leader



# Q&A session with Management



**Dastan Kosherbayev**  
Chief Commercial  
Officer



**Meirzhan Yussupov**  
Chief Executive  
Officer



**Sultan Temirbayev**  
Chief Financial  
Officer

