



**KAZATOMPROM**

NATIONAL ATOMIC COMPANY

# 2021 Full-Year Results Conference Call

16 March 2022

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# Recent Significant Events

## January 2022: Protests in Kazakhstan

- › Kazakh government declared temporary State of Emergency
- › Restrictions on movement
- › Short term interruptions to the internet, banking and transportation sectors

### ***No tangible impact on Kazatomprom's activities***

- › Operations continued without disruptions
- › Existing risk management measures ensured stability of production and sales plans

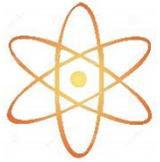
## February 2022: Escalation of the Russian-Ukrainian conflict

- › No sanctions against Kazakhstan or sanctions directly impacting Kazakh uranium industry
- › Kazatomprom carefully monitors potential risks:
  - Partnership with Rosatom and five JVs through Uranium One
  - Transportation through Russian port for trans-shipment
  - Fluctuation of exchange rates
  - Supply chains and imports from or through Russian Federation

**Kazatomprom is monitoring developments to ensure operations are not disrupted, mitigation plans are constantly revised/adjusted to manage changing risks**

# Nuclear Power is Back in Focus

Nuclear is key to a greener international energy strategy



## **Nuclear offers stand-out environmental and economic benefits:**



✓ Part of the solution to climate change and cleaner air, with no direct carbon emissions and 24-hour availability



✓ Low operating cost



✓ High energy density, safely managed waste and spent fuel



✓ Stable, baseload power to underpin renewable generation



✓ Thousands of cumulative reactor years of safe power production



# Kazatomprom's ESG Landscape



## Environmental and Social

- KAP'S ISR uranium extraction process is the most environmentally friendly uranium mining method
- Continued implementation of the Board-approved Environmental and Social Action Plan (ESAP)
- Responsible land and water management is a central part of business strategy
- Supporting growth and development in the regions where Company operates

## Governance

- Consistent integration of sustainable development principles into the corporate governance system
- Employees are a key resource
- The Company's governance systems comply with international standards and operate under strict oversight



**Risk-based approach to meet transparent ESG reporting demands**



**Received independent corporate governance rating of "A"**



**Seeking an independent ESG rating in 2022**

# Market Context

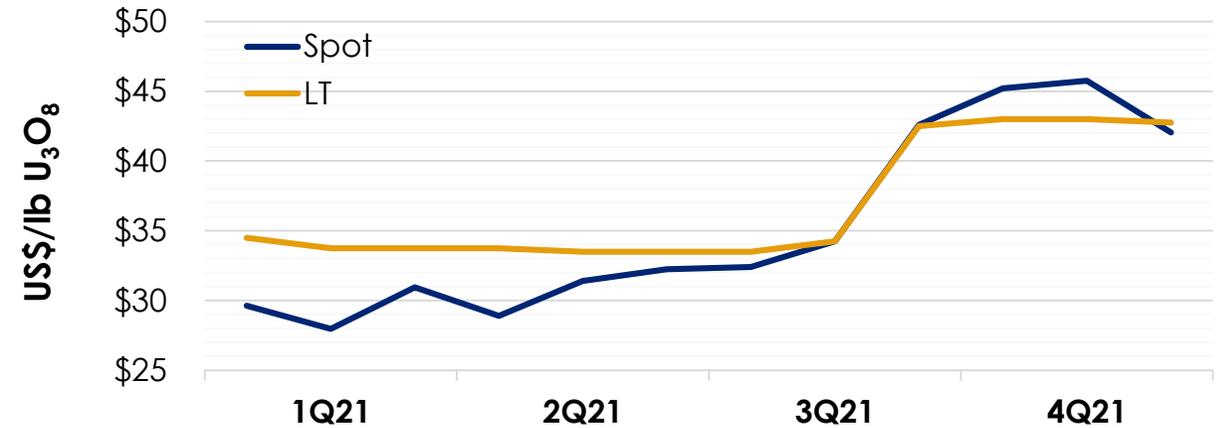
## Uranium market developments

- COVID-19 reshaped primary supply picture
- Accelerated global inventory drawdown
- Supply reductions by major producers
- New financial players introducing better price transparency

## Kazatomprom in 2021

- Extended 20% production cut (vs. Subsoil Use Agreements) through 2023
- Yellowcake uranium purchased, exercising their full \$100M option + \$64.5M additional
- Due to supply chain challenges, mine development slightly behind schedule

### Spot and LT Month-end U<sub>3</sub>O<sub>8</sub> Price



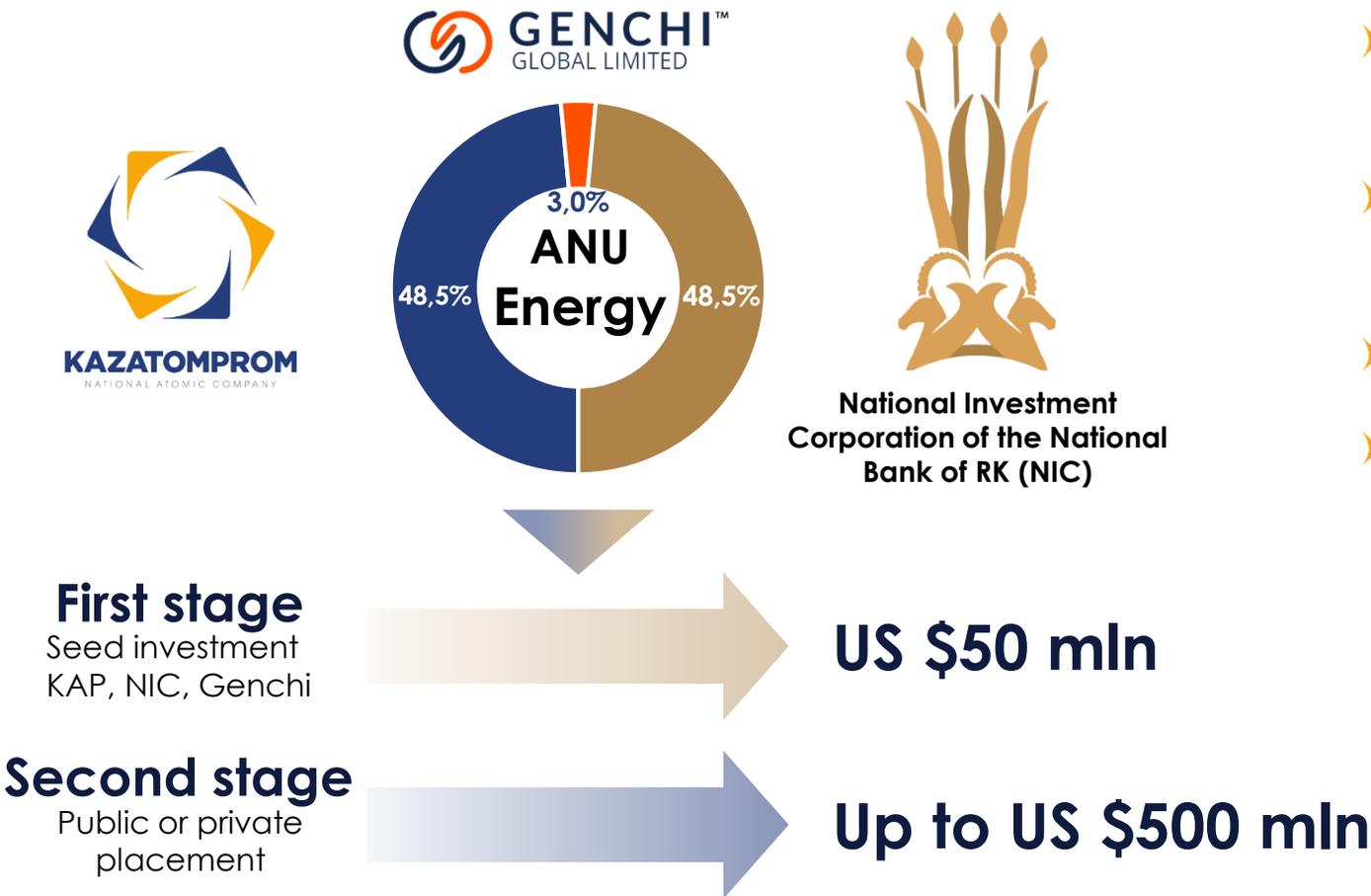
### Spot and LT Contract Volumes



Source: UxC, TradeTech

# Investing in Physical Uranium

ANU Energy physical uranium fund targeting Asia and Middle East



- The Fund is an independent entity and not KAP's subsidiary
- Investment in the Fund aligns with KAP's value-over-volume strategy
- KAP will be a key supplier of uranium
- A number of mechanisms in place to ensure responsible management of the fund's uranium:
  - lock-up period
  - price threshold
  - priority right for KAP to repurchase uranium

# 2021 Highlights

## Continued commitment to strong ESG



- Continuously working to improve safety
- Environmental protection record intact
- Half of BoD are INEDs, 25% female representation

## 2021 dividend payment 52% higher than in 2020



- Paid 2021 dividend of KZT 150 billion (nearly US\$353M at time of payment)
- Dividend calculated based on updated policy formula

## Completed sale of Ortalyk LLP to CGNPC subsidiary



- Sale of 49% share in Ortalyk for US\$435M
- Fuel fabrication plant to deliver first Kazakh-produced fuel bundles to China in 2022

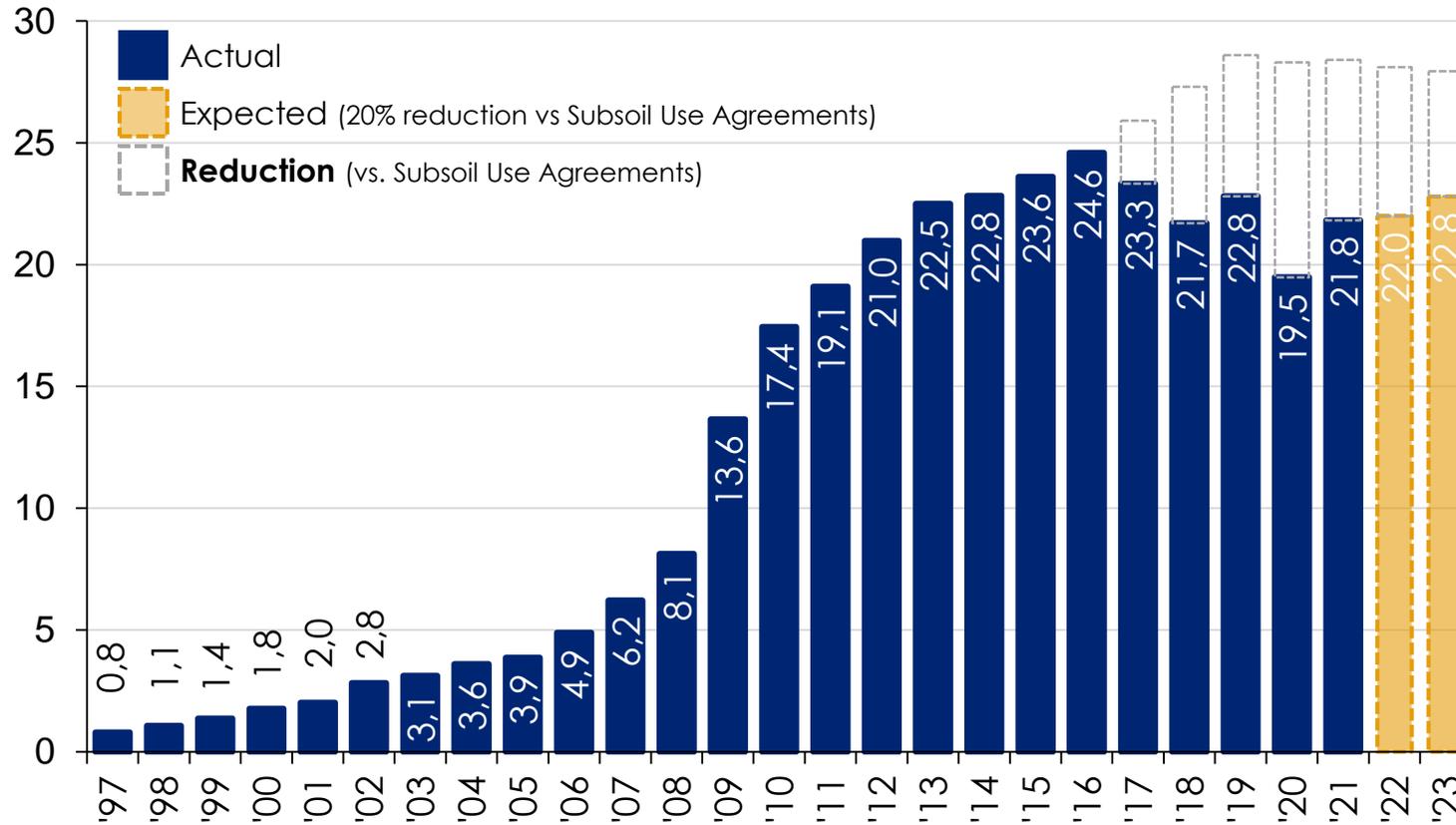
## Value-over-volume strategy for production, market-centric approach to sales



- Extension of 20% production cut against subsoil use agreements through 2023
- ~ 5,000tU removed from future global supply

# Committed to Market Discipline

## Kazakhstan Production Volume (100% basis, per subsoil use agreements)



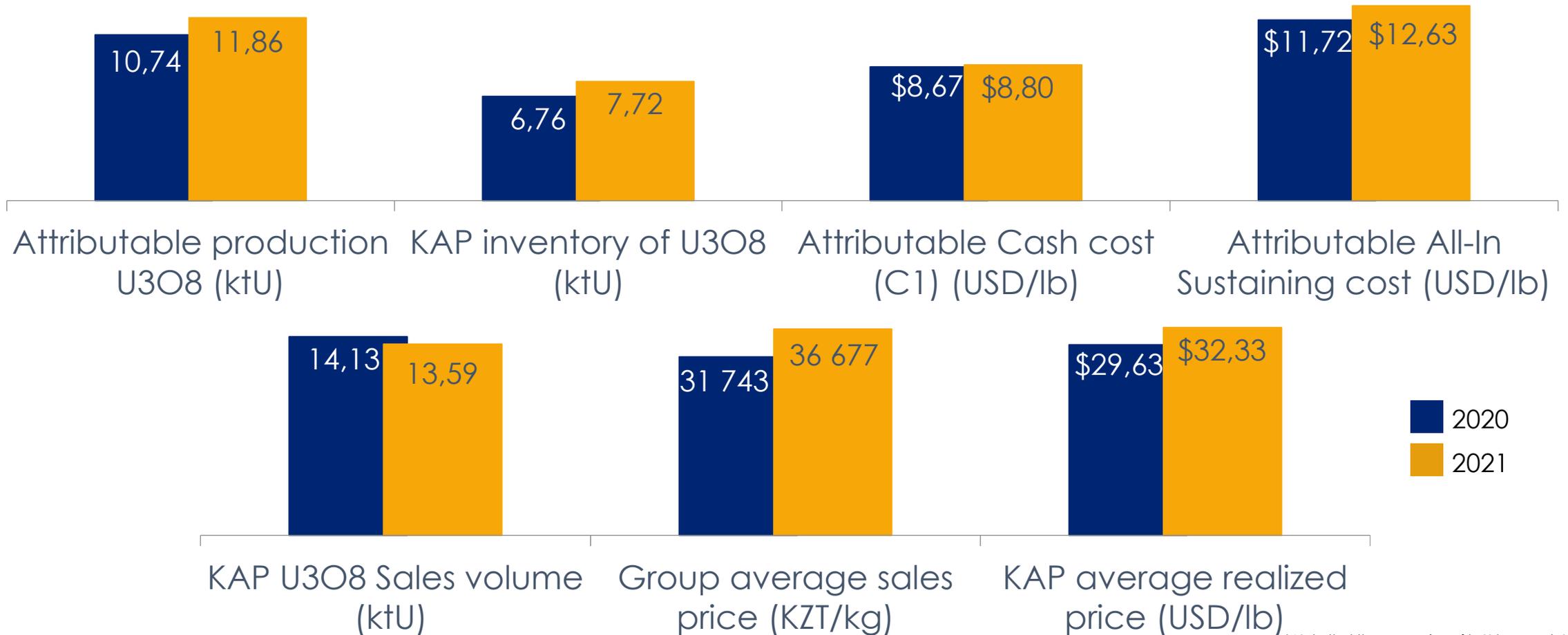
### Significant Supply discipline

- 2017-2021 Actual: Reduced **~29,400 tU** total vs Subsoil Agreements (including **~3,300 tU** total due to COVID-19 in 2020)
- 2022-2023 Estimated: decrease of up to **~11,200 tU** total vs. Subsoil Agreements
- Maximum flex down, committed to a strategy driven by value, and not production volume

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

# 2021 Operational and Financial Results

## Production and sales metrics

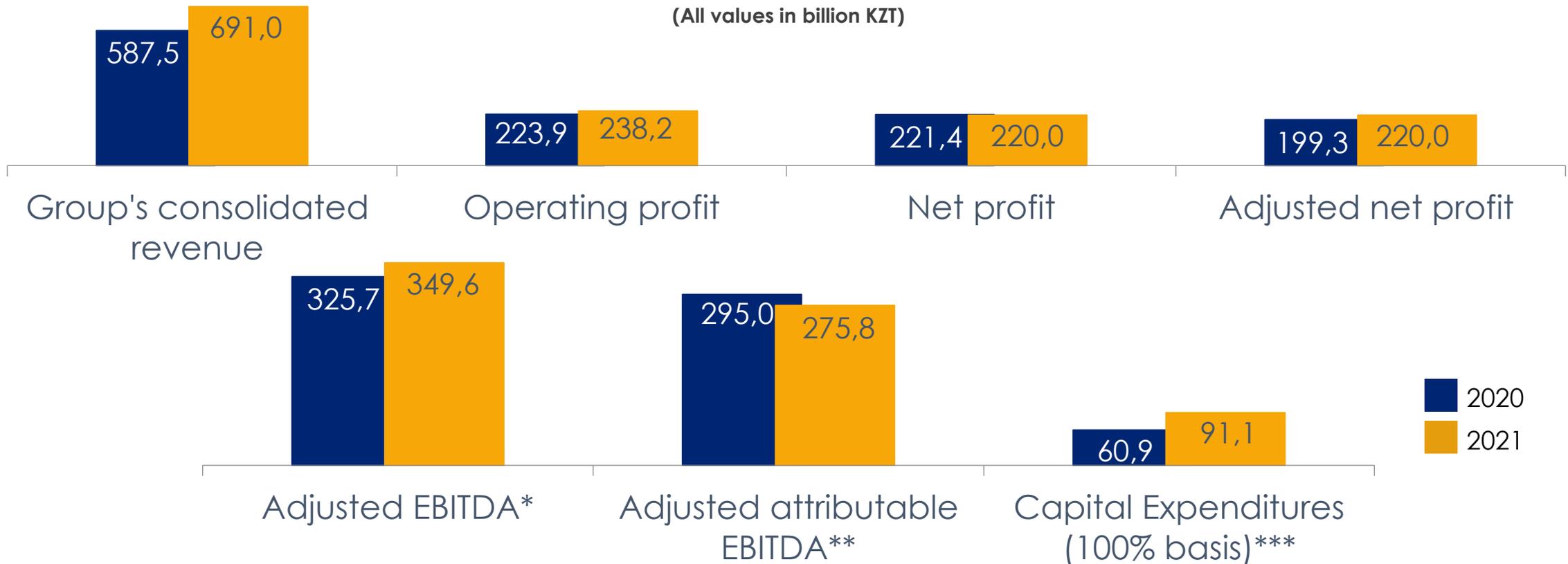


\* Note that the conversion of kgU to pounds U<sub>3</sub>O<sub>8</sub> is 2.5998.

# 2021 Financial Metrics

## Key Financial Metrics

(All values in billion KZT)



\* Adjusted EBITDA is calculated by excluding from EBITDA 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.

\*\*\* Excludes liquidation funds and closure costs and includes expansion investments

# Looking Ahead – 2022 Guidance

		2021 Actual	2022 Guidance <sup>1</sup>
Production volume (100% basis) <sup>1</sup>	tU	21,819	21,000 – 22,000 <sup>2</sup>
Production volume (attributable basis) <sup>3</sup>	tU	11,858	10,900 – 11,500 <sup>2</sup>
Group sales volume <sup>4</sup>	tU	16,526	16,300 – 16,800
KAP sales volume (incl. in Group) <sup>5</sup>	tU	13,586	13,400 – 13,900
Revenue (consolidated)	KZT billions	691.0	750 – 760 <sup>6</sup>
Revenue from U <sub>3</sub> O <sub>8</sub> sales (incl. in consolidated)	KZT billions	606.1	610 – 630 <sup>6</sup>
C1 cash cost (attributable basis)	\$US/lb*	\$8.80	\$9.50 – \$11.00 <sup>6</sup>
All-in sustaining cash cost (attributable C1 + capital)	\$US/lb*	\$12.63	\$16.00 – \$17.50 <sup>6</sup>
Total capital expenditures (100% basis) <sup>7</sup>	KZT billions	91.1	160 – 170 <sup>6</sup>

<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.

<sup>2</sup> The duration and full impact of the supply chain challenges are not yet known. Annual production volumes could therefore vary from our 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.

<sup>4</sup> Group sales volume: includes Kazatomprom's sales and those of its consolidated subsidiaries. Volume does not include approximately 225 tU equivalent delivered as UF<sub>6</sub> in 4Q21.

<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. Volume does not include approximately 225 tU equivalent to be delivered as UF<sub>6</sub> in 4Q21.

<sup>6</sup> The KZT to USD rate continues to fluctuate and the planned 425:1 rate used as an original assumption when forming the budget was therefore applied; guidance will be updated if the recent fluctuations and uncertainty persists throughout 2022.

<sup>7</sup> Total capital expenditures (100% basis): includes only capital expenditures of the mining entities. Excludes liquidation funds and closure costs and includes expansion investments.

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



# OUR STRATEGY...UNCHANGED



➤ Focussing 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



Mazhit Sharipov,  
Chief Executive Officer



Kamila Syzdykova,  
Chief Financial Officer



Askar Batyrbayev,  
Chief Commercial Officer

