



SAMRUK
KAZZYNA

2019-2023
Development Plan
Samruk-Kazyna JSC

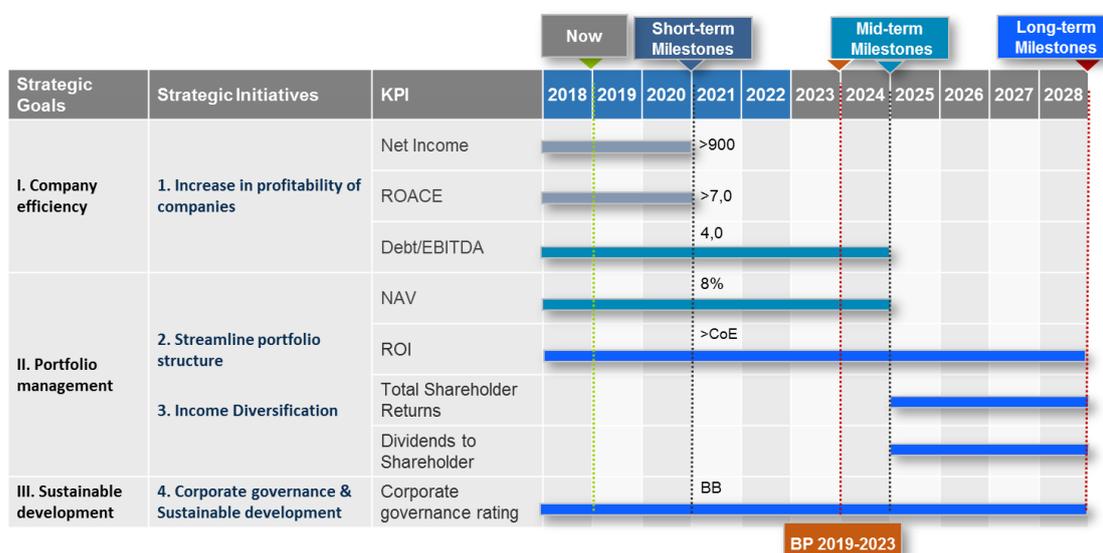
Executive summary

Overview

The 2019-2023 Development Plan of Samruk-Kazyna JSC (hereinafter - the “Development Plan”) is a strategic document that outlines medium-term actions to be accomplished and aimed at implementation of the Development Strategy of Samruk-Kazyna Sovereign Wealth Fund JSC (hereinafter – the “Fund”) for 2018-2028, approved by the Board of Directors of the Fund and Fund Management Council chaired by the President of the Republic of Kazakhstan and approved by Decree of the Government of the Republic of Kazakhstan No.656 dated October 17, 2018. The Development Plan ensures execution of the Development Strategy through implementation of certain measurable actions transparent and profitable to both the Fund and the Sole Shareholder.

The Fund within the framework of the new Development Strategy has identified **three strategic objectives**: (a) **company performance**, (b) **portfolio management**, and (c) **sustainable development** and **four key development initiatives**, which are **increasing profitability of companies**, **portfolio structure optimization**, **revenue diversification**, **corporate governance and sustainable development**.

Four key development Initiatives associated with strategic vision and objectives of the Fund



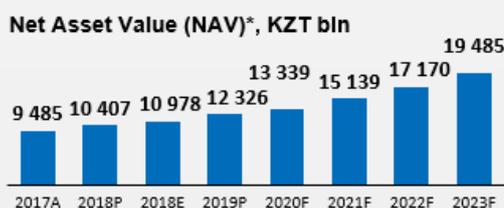
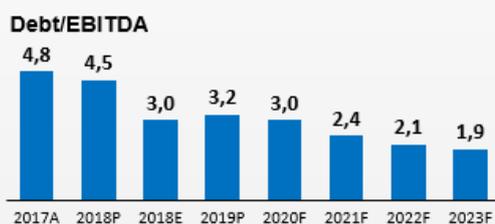
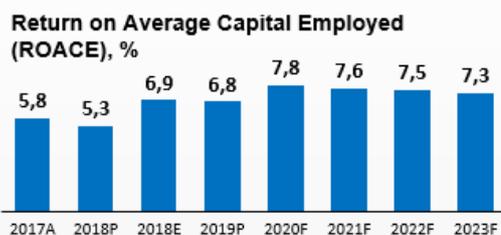
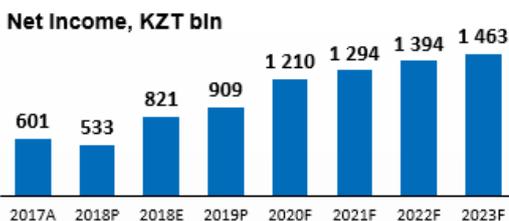
In the short term, the Fund will focus on improving efficiency of operational, financial and investment performance of the portfolio companies. Thus, in the short term, the priority areas for the Fund will be **financial stability of large companies**, **revision of the list of investment projects** throughout the entire group of companies of the Fund, with special attention paid to growing companies, **attraction of strategic partners**, **improvement of operating efficiency of companies** up to the level of the best companies in the industry, **exit from non-strategic assets**, and **revision of Transformation Program approaches**.

In the medium term (until 2022), the Fund will focus on **reinvesting funds from sale of non-strategic assets** and building an effective and **diversified portfolio of investments**.

This year **the portfolio companies of the Fund have updated their development strategies for 2018-2028 to align them with the strategic objectives defined by the Fund, as well as with country strategic instruments** such as Strategic Development Plan until 2025 and Digital Kazakhstan, and others.

The Development Plan of the Fund for 2018-2022 is consolidated and based on financial indicators of the PCs, approved by their respective Boards of Directors in December 2018. Strategic KPIs of the next 5 years show positive dynamics and significant improvement.

Key Performance Indicators and key highlights



* >8% CAGR for 2019-2023
 ** as of November 1, 2018.

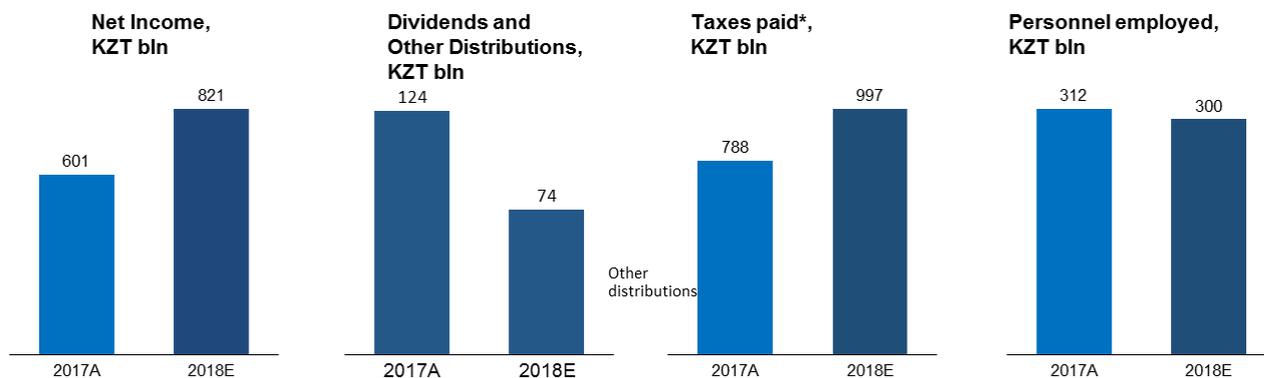
Key Highlights

- **Significant Progress on the Privatization Program** : 82 assets were sold, 60 assets were liquidated / reorganized, **sales amounted to about KZT159 billion****;
- In November 2018, **the Fund successfully placed a 15% stake in NAC Kazatomprom JSC on the London Stock Exchange and the AIFC at a value of \$451 million**;
- Following Kazatomprom, in next year, **Air Astana and Kazakhtelecom are planning an IPO / SPO**;
- In 2018, **the Development Strategy of the Fund for 2018-2028 was approved by the decree of the government of the Republic of Kazakhstan**;
- **The updated Transformation Program** was approved and moved to the next - an active stage of implementation at the level of portfolio companies. **The total net benefits of Transformation for the years 2018-2021 in the amount of about KZT313 billion**;
- In 2018, **the Fund invested KZT16,8 billion in growing companies**, and in the period 2019-2023 it is planned to invest in the amount of KZT70.6 billion. Construction works are continuing on major mining projects: Shalkiya and Alaigyr.

By virtue of coordinated work, focus on results and a continuous quest for excellence, as of the beginning of November 2018:

- According to the Fund’s assessment, the consolidated profit in 2018 will increase by KZT220 billion versus previous year and will make up KZT821 billion. That said, consolidated assets of the Fund’s group at the end of 2018 will grow by KZT1.6 trillion and will make up KZT25.7 trillion.
- The Fund has for many years exercised the function of stabilizing financial sector and national economy as a whole. Contribution of the Fund to the economy of Kazakhstan remains substantial. As estimated, the Fund will increase the revenue part of the state budget by KZT997 billion in the form of taxes and other payments. Dividends and other distributions to the shareholder will total KZT74 billion;

Fund's contribution to the national economy in 2017-2018



Note: * KMG International taxes were excluded from the taxes paid

- The Fund continues to successfully implement Comprehensive Privatization Plan for 2016-2020, which helped to recover KZT159.04 billion from sale of 82 assets. At that, 60 assets were provided for liquidation/reorganization;
- In 2018, the Fund has invested KZT16,8 billion in growing companies, and throughout the period of 2019-2023 it is planned to invest KZT67 billion. Construction works on major mining projects such as Shalkiya and Alaygyr are in progress.

This Development Plan provides the Fund's strategic goals and objectives, success parameters, and an implementation plan that sets the benchmark for sustainable development and growth of profitability of the sole shareholder.