

**Rating Action: Moody's places JSC Kazatomprom's Baa3 rating on review for downgrade**

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London, 03 September 2014 -- Moody's Investors Service, ("Moody's") has today placed on review for downgrade the Baa3 issuer rating of Joint-Stock National Atomic Company Kazatomprom (KAP) and Baa3 senior unsecured notes issued by KAP, which reflects the refinancing risks and weakening of the company's standalone credit profile.

**RATINGS RATIONALE**

As the Kazakh state-controlled National Welfare Fund Samruk-Kazyna JSC (not rated) fully owns KAP, Moody's determines KAP's Baa3 rating in accordance with its government related issuer (GRI) methodology, which consists of the following inputs: (1) a baseline credit assessment (BCA) of ba2, which measures the company's underlying fundamental credit strength, excluding government support; (2) the Baa2 local-currency rating of the Kazakh government with a positive outlook; (3) strong support from the government in exceptional circumstances; and (4) low default dependence. The BCA might be lowered at the end of the rating review. At this point the other rating inputs of support and dependence are not expected to be affected by this rating review.

The rating action reflects Moody's concerns that KAP may not be able to maintain financial metrics within the level commensurate with its Baa3 rating owing to weak pricing conditions in the uranium market though Moody's expects some degree of pricing recovery over time. Moody's is concerned that (1) delays in nuclear reactors restart in Japan and construction of new reactors globally may postpone uranium price recovery in the mid-term perspective; (2) KAP's planned cost-saving initiatives contain execution risks and may not be sufficient to compensate for the weak prices; and (3) KAP's debt remains elevated in the next 18-24 months owing to sustained capital expenditure. In Moody's view, these developments may lead to KAP's adjusted leverage (measured by Moody's adjusted debt/ EBITDA, including dividends received from jointly controlled and minority-owned entities) to remain sustainably above 2.5x, and CFO/debt to remain below 20% over the next two years.

The rating action also reflects KAP's refinancing need owing to the bullet maturity of the company's \$500 million Eurobonds in Q2 2015. As of end-June 2014, KAP's cash balances and deposits of around \$135 million (mainly with Kazakh banks), together with expected cash flow from operations in the next 12 months (including dividend stream from JVs) are not sufficient to fully cover cash outflow, including capital expenditure, dividend payments and debt maturities (including Eurobonds).

In addition to exposure to volatility in the uranium market, KAP's BCA is constrained by the company's (1) limited business diversification, with more than 65% of sales in 2013 derived from uranium products; (2) exposure to challenges in the uranium process; and (3) risks associated with operating under the developing economic and legal framework in Kazakhstan.

More positively, KAP's BCA reflects the company's (1) leading market position in uranium production worldwide, with a market share of around 21% as of end-2013 and more than 100 years of estimated reserves life; (2) long-term contract relationship with customers, which provides high sales visibility and partly reduces exposure to uranium price challenges; (3) low-cost position which might be further strengthened by KAP's cost cutting initiatives; and (4) increasing co-operation with top global uranium/nuclear producers in the form of joint ventures (JVs), which help KAP to ramp up production and improve product diversification.

Moody's review will focus on (1) assessing the impact of ongoing developments in the uranium industry (including global demand, supply and prices) and how they affect the operational and financial profile of KAP (including its profitability, leverage and cash flow generation ability) within the next 18-24 months as well as over the longer term; and (2) reviewing shareholder and management strategy in relation to the company's operational and financial policy, as well as its liquidity management including refinancing the Eurobond. Considering the current expectation of continued strong government support, a rating downgrade, if any, would be likely to be limited to one notch.

**WHAT COULD CHANGE THE RATING UP/DOWN**

Upward pressure on KAP ratings is unlikely at present, given the current review for downgrade. Moody's could confirm the rating if Moody's gained confidence that (1) KAP secures sufficient funds in advance to refinance the Eurobonds and follows a proactive liquidity management going forward; (2) KAP demonstrates ability to maintain debt/EBITDA, including dividends received from jointly controlled and minority-owned entities, below 2.5x, and CFO/debt above 20% on a sustainable basis; and (3) the Kazakh government continues to provide support to the company.

Moody's could downgrade the ratings or revise the outlook downwards (1) following a negative change in the rating or outlook of the Government of Kazakhstan, or a reduction in the level of support factored into the current rating; or (2) if KAP's financial or business risk profile materially deteriorated, particularly if leverage, measured as debt/EBITDA, including dividends received from jointly controlled and minority-owned entities, sustainably exceeded 2.5x, and CFO/debt remained below 20% on a sustained basis.

#### PRINCIPAL METHODOLOGIES

The principal methodology used in this rating was Global Mining Industry published in August 2014. Other methodologies used include the Government-Related Issuers: Methodology Update published in July 2010. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

The Joint-Stock National Atomic Company Kazatomprom is responsible for the development of Kazakh nuclear resources. KAP's main activities include the mining, production and sale of uranium, beryllium, tantalum, niobium; and the production of hydrofluoric acid. KAP also provides energy and heat generation, and supplies water. In 2013, KAP reported revenue of KZT288.3 billion (\$1.9 billion) and EBIT of KZT16.1 billion (\$107.0 million).

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# Изменение рейтинга: Moody's выносят рейтинг Казатомпром ВааЗ на рассмотрение с целью его понижения

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Компания «Moody's Investors Service» ("Moody's") вынесла сегодня на рассмотрение с целью понижения рейтинга АО «Национальная атомная компания «Казатомпром» (КАП), ВааЗ, присвоенный ей эмитентом, и приоритетные необеспеченные векселя, выпущенные КАП, отражающие риски рефинансирования и ослабление определенной кредитоспособности компании.

### КРИТЕРИИ КЛАССИФИКАЦИИ

Поскольку КАП находится в полной собственности Казахстанского государственного фонда национального благосостояния АО «Самрук-Казына» (рейтинг отсутствует), Moody's определяет рейтинг КАП ВааЗ в соответствии с методикой эмитента, связанного с государством, состоящей из следующих вводных параметров: (1) базовой оценки кредита (BCA) ba2, с помощью которой определяется реальная основная кредитоспособность компании, не включая сюда помощь правительства; (2) рейтинг в местной валюте Ваа2 казахстанского правительства с позитивным прогнозом; (3) сильная поддержка со стороны правительства при исключительных обстоятельствах; и (4) низкая зависимость от дефолта. Оценка BCA может быть снижена в конце пересмотра рейтинга. На данном этапе не предполагается, что пересмотр рейтинга повлияет на другие вводные данные для присвоения рейтинга, такие как поддержка и зависимость.

Изменение рейтинга отражает озабоченность Moody's тем, что КАП не сможет поддерживать финансовые показатели в соответствии со своим рейтингом ВааЗ из-за плохих ценовых условий на урановом рынке, хотя Moody's ожидают с течением времени некоторый рост цен. Moody's обеспокоены тем, что (1) задержка с перезапуском ядерных реакторов в Японии и со строительством новых реакторов может в глобальном плане помешать росту цен в среднесрочной перспективе; (2) запланированные инициативы КАП по снижению затрат включают в себя риски их осуществления и могут быть недостаточными для компенсации низких цен; и (3) задолженность КАП будет продолжать расти в последующие 18-24 месяца из-за постоянных капиталовложений. По мнению Moody's, такая ситуация может привести к тому, что отрегулированный уровень использования заемных средств КАП (установленный посредством соотношения откорректированной задолженности Moody's/ прибыли от добычи до уплаты налогов, процентов, износа и амортизации, включая дивиденды, полученные от совместно контролируемых предприятий и предприятий с долевым участием) будет постоянно

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оставаться выше 2.5х, а денежные средства от основной деятельности (CFO)/задолженность будет оставаться ниже 20% в течение следующих двух лет.

Снижение рейтинга также отражает необходимость КАП в рефинансировании из-за наступления срока единовременного погашения Еврооблигаций компании в размере 500 миллионов долларов США во втором квартале 2015г. По состоянию на конец июня 2014г. денежной наличности КАП и депозитов на сумму примерно \$135 миллионов (в основном в казахстанских банках) вместе с ожидаемыми денежными поступлениями от основной деятельности в последующие 12 месяцев (включая поступление дивидендов от совместных предприятий) недостаточно для полного покрытия оттока денежных средств, в том числе капитальных затрат, выплаты дивидендов и погашения задолженности (в том числе Еврооблигаций).

Кроме подверженности влиянию нестабильности на урановом рынке, при оценке ВСА КАП вынуждены учитывать (1) ограниченную профильность компании, более 65% продаж которой в 2013г. были получены из урановой продукции; (2) влияние проблем, имеющих в процессе уранового производства и (3) риски, связанные с работой в условиях развивающейся экономики и правовой системы в Казахстане.

Более позитивно оценка ВСА КАП отражает (1) ведущее положение компании на рынке мирового уранового производства, доля которой на рынке на конец 2013 года составляла около 21% и которая имеет на протяжении более 100 лет обеспеченность оценочными запасами; (2) отношения с заказчиками на основе долгосрочных контрактов, что обеспечивает высокую возможность отслеживания продаж и частично сокращает подверженность влиянию нестабильности цен на уран; (3) позиция, направленная на снижение затрат, которая в дальнейшем может быть укреплена посредством осуществления инициатив КАП по сокращению расходов и (4) возрастающее сотрудничество с лидирующими мировыми урановыми производителями/атомными компаниями в форме совместных предприятий (СП), что помогает КАП наращивать объемы производства и повышать диверсификацию продукции.

При пересмотре рейтинга Moody's основное внимание будут уделять (1) оценке влияния ведущихся проектов в урановой промышленности (включая мировой спрос, поставки и цены) и как они воздействуют на производственные и финансовые характеристики КАП (в том числе на рентабельность, использование заемного капитала для увеличения прибыли и способность получения денежного потока) в течение последующих 18-24 месяцев, а также в течение более длительного периода времени; и (2) анализу стратегии акционеров и стратегии управления в зависимости от принципов деятельности и финансовой политики компании, а также от управления ликвидностью, включая рефинансирования Еврооблигаций. С учетом имеющейся вероятности постоянной сильной поддержки со стороны правительства, снижение рейтинга, если таковое будет, скорее всего, ограничится понижением на один балл.

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### ЧТО МОЖЕТ ПОВЛИЯТЬ НА ПОВЫШЕНИЕ/ПОНИЖЕНИЕ РЕЙТИНГА

Факторы, работающие на повышение рейтинга КАП, маловероятны на настоящий момент, учитывая ведущийся в настоящее время пересмотр рейтинга с целью его понижения. Moody's могли бы подтвердить рейтинг, если б Moody's приобрели уверенность в том, что (1) КАП обеспечат досрочно достаточно средств для рефинансирования Еврооблигаций и будут в будущем придерживаться активного управления ликвидностью; (2) КАП продемонстрируют свою способность удерживать задолженность/прибыль от добычи до уплаты налогов, процентов, износа и амортизации (ЕБИТДА) ниже 2.5х, а CFO/задолженность выше 20% на постоянной основе; и (3) Казахское правительство будет продолжать оказывать поддержку компании.

Moody's могут снизить рейтинг или пересмотреть в перспективе в сторону понижения (1) при прослеживании негативного изменения в рейтинге или отношении Правительства Казахстана или при снижении уровня поддержки, учитываемой при выставлении существующего; или (2) если у КАП существенно ухудшатся характеристики финансового или коммерческого риска, в частности, если доля заемных средств, определяемая как соотношение задолженности/ЕБИТДА при добыче стабильно превышает 2.5х, а соотношение CFO/задолженность длительное время остается ниже 20%.

### ОСНОВНАЯ МЕТОДИКА

Основной методикой, используемой для этих рейтингов, являлась Global Mining Industry, опубликованная в августе 2014. Другая используемая методика включала в себя Government-Related Issuers (государственные эмитенты): Методика в новой редакции, опубликованная в июле 2010г. Для получения копий этих методик просим открыть страницу Credit Policy на сайте: [www.moody.com](http://www.moody.com).

АО «Национальная атомная компания «Казатомпром» несет ответственность за освоение ядерных ресурсов Казахстана. В основные направления деятельности КАП входят добыча, производство и продажа урана, бериллия, тантала, ниобия, и производство фтористоводородной (плавиковой) кислоты. КАП также обеспечивает выработку электроэнергии и тепловой энергии, а также водоснабжение. В 2013 году КАП в своем отчете сообщили о годовом доходе в размере 288.3 миллиарда тенге (1.9 миллиарда долларов США) и Прибыли до уплаты процентов и налогов в размере 16.1 миллиарда тенге (107.0 миллионов долларов США).

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