**InformationonResultsof the Financial and Economic Activities**

**of JSC NMC Tau-Ken Samruk for M12 2018**

1. **Key performance indicators**

* **Performance indicators**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name | Unit of Measure | M 12  2017 | M12  2018 | | 2019 |
| **Fact** | **Plan** | **Fact** | **Forecast** |
| Production of refined gold | thousandounces/tons | 420.4/13.5 | 643.01/20.0 | 729.6/22.7 | 803.7/25 |
| Production of metallurgic silicon | tons | 12 732 | 18 500 | 14 408 | 1. 099 |

* Refined gold production at a refinery in Astana during the reporting period amounted to 729.6 thousand ounces (22.7 tons), of which 126.6 thousand ounces (3.94 tons) was processed from raw materials obtained on a give-and-take basis (tolling). Thus, the actual indicator of the refined gold production for M12 2018 was exceeded by 13% as compared to the plan.
* Metallurgical silicon production plan for M12 2018 at the plant in Karaganda in the reporting period was executed at 78%.
* **Financial indicators**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Unit of Measure | M 12  2017  Fact | M 12  2018  Fact | 2019  Forecast |
| EBITDA margin\* | % | (0.8) | (1,1) | (0.6) |
| Net income (loss) | KZT billion | 56.6 | 44.1 | 56.8 |

*\* - indicators are calculated by the methodology approved by the Sole Shareholder*

For M12 2018, the actual **EBITDA margin** was -1,1%. The negative dynamics of EBITDA margin as compared to the same period of the last year was due to an increase in the Operational Loss (-KZT1.2 billion) due to an increase in General and Administrative Expenses (-KZT0.9 billion) and Transportation and Sales Cost (-KZT0.2 billion) and Gross Incomeby (KZT0.1 billion).

The decrease in Net Income by KZT12.5 billion for M12 2018 as compared to the same period in 2017, is mainly due to (1) a decrease in net income of Kazzinc LLP, which is accounted for by the Company using the equity method (-KZT11.4 billion) formed as a result of the reduction of incomes from the sale of Kazzinc LLP, due to the reduction in the production of lead (by -18% or -10 thousand tons), copper (by -11% or 6 thousand tons), in terms of the general decrease in distribution costs and raw material costs, lower market prices for lead (-US$114/ton), zinc (-US$28/ton) and gold (- US$1.6/ounces); (2) an increase in Operational Loss (-KZT1.2 billion) and an increase in incomes from non-operating activities (-KZT0.2 billion) due to non-operating income and currency exchange difference.

1. **InformationonCapital Adequacy Indicators**

**As of December 31, 2018, the EquityCapital**oftheCompany makes KZT629billion. The increase in equity capital by KZT38 billion as compared to the size of equity capital of the same period of the last year, is mainly due to the following factors:

* an increase in other components of the capital by KZT61.1 billion, due to the recalculation of the reporting currency of Kazzinc LLP;
* payment of dividends in favor of Samruk-Kazyna JSC in the amount of KZT56.4 billion at the end of 2017.

1. **Information on Liquidity Indicators**

Following the results of M12 2018, the financial dependency ratio makes 0.05. The equity capital concentration makes 0.95 that characterizes the current financial condition of the Company as stable and independent from external creditors.

The indicator of the current liquidity ratio is 3.08, which positively characterizes the current financial condition of the Company, due to the sufficient amount of free resources to current liabilities.

1. **Detailed Forecast of Income and Losses**

**General Income and Loss, in KZT billion**

**3**

General income in the amount of KZT273 billion for M12 2018 were formed mainly by income from sale of refined gold in the amount of KZT257.5 billion, at the expense of the sale of refined gold to the National Bank of the Republic of Kazakhstan and sales of metallurgical silicon in the amount of KZT9.9 billion, financial income in the amount of KZT2.3 billion received as a result of allocation of idles in second-tier banks, as well as receiving other income in the amount of KZT1.6 billion.

Consolidated expenses of the Company for M12 2018 amounted to KZT281 billion and include mainly the purchase of gold-bearing raw materials, cost accounted for in refined gold, cost of producing metallurgical silicon, general and administrative expenses, costs of transportation and sales as well as other non-operating costs.

In 2019, the Company forecasts general income in the amount of KZT326 billion at the expense of the sale of refined gold in the amount of KZT310.4 billion to the National Bank of the Republic of Kazakhstan, sales of metallurgical silicon in the amount of KZT13.3 billion, sales of refined silver in the amount of KZT1.3 billion.

General losses for 2019 are scheduled in the amount of KZT329 billion and include expenses for the purchase of gold-bearing raw materials and expenses accounted for in the production of refined gold and metallurgical silicon in the amount of KZT323.3 billion, general and administrative expenses of the Corporate Center of the Company and its subsidiaries in the amount of KZT4.6 billion, implementation costs in the amount of KZT0.3 billion, other expenses in the amount of KZT0.8 billion.

Thus, since 2020, the Company plans to generate income from the sale of lead-zinc and lead-silver concentrates at the expense of the commissioning of processing plants at Shalkiya deposits in the Kyzylorda region and Alaigyr in the Karaganda region.