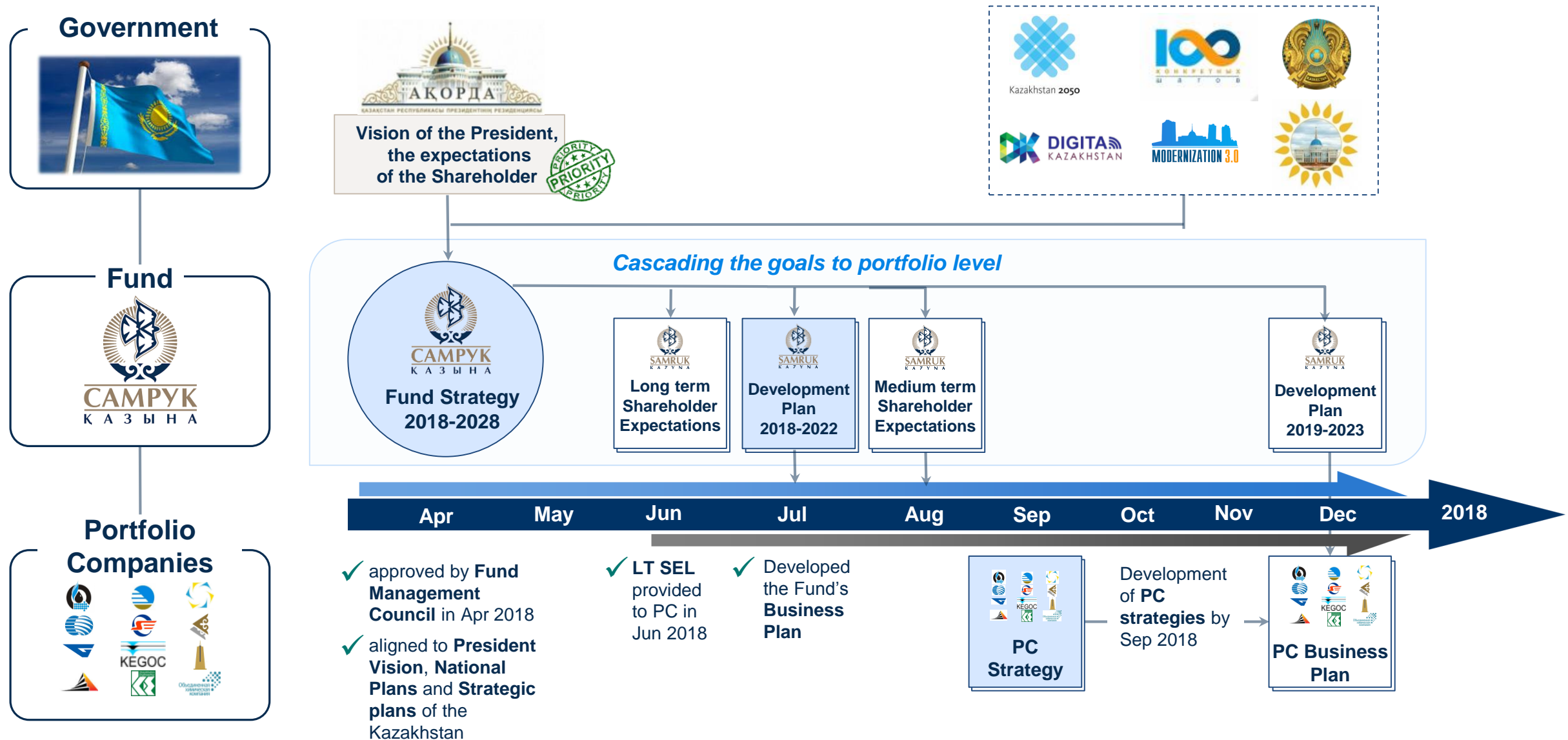




Development Plan for 2018-2022 of SWF Samruk-Kazyna JSC

Development Plan is a strategic tool outlining medium-term actions to implement new Fund's Strategy 2018-2028 and deliver shareholder expectations



* PC – Portfolio Companies

Development Plan 2018-2022 prioritizes the Fund's 3 strategic goals and 4 Key development initiatives

Mission (for Stakeholders)

Promote national wealth of the Republic of Kazakhstan and long-term sustainability for future generations

Vision (for CEO)

Investment holding that delivers strong financial performance, investment returns and portfolio development on par with leading sovereign wealth funds.

Strategic goals

Strategic Initiatives

1

Efficiency of companies

1

Increase profitability of companies



Financial sustainability, business optimization, synergy of companies, transformation, digitalization, automation, organizational restructuring

2

Portfolio management

2

Streamline portfolio structure



Privatization, cut of legal entities, downsize of legal entities, revision of investment projects, exit from nonstrategic assets

3

Income diversification



Rebalancing of investment portfolio, investments in new sectors in Kazakhstan, international investments, attraction of strategic partners, attraction of new sources of capital & growth

3

Sustainable development

4

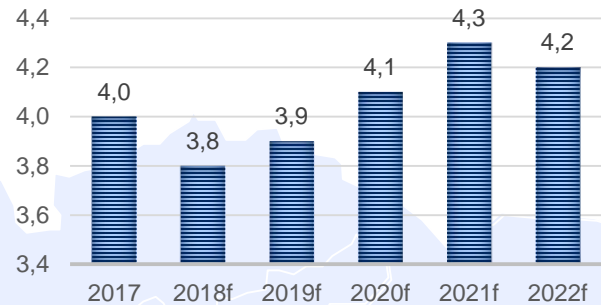
Corporate Governance and sustainability



Effective corporate governance, human capital development, sustainable development initiatives, increase of corporate rating, revision of sponsorship approach

2018 key growth drivers: higher oil prices, sustained oil production & continued fiscal stimulus

GDP growth is projected to average at 4.1% p.a. for 2018-2022

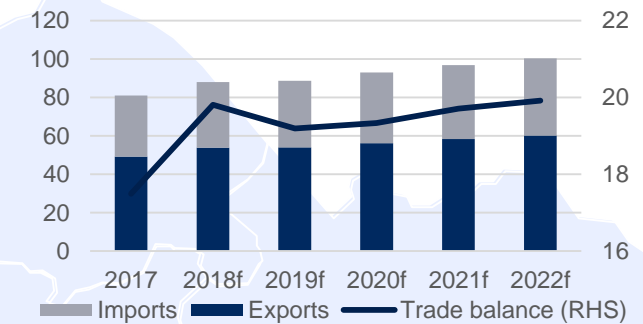


Positive growth dynamics support PCs' operational and financial performance in general.

✓ **Kazakhstan has the largest and most robust economy in Central Asia**, contributes to 62% of the region's total GDP in 2017.

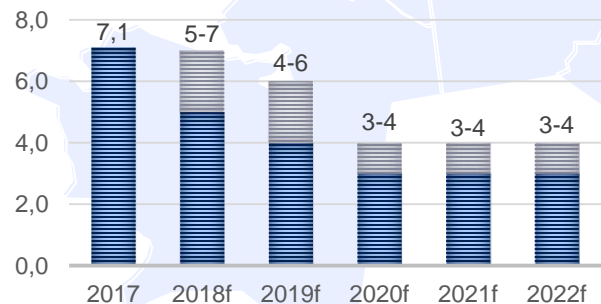
✓ S&P revised **upward the ratings outlook on Kazakhstan sovereign to Stable** from Negative, ratings affirmed at BBB- on the back of improved economic prospects.

Total trade turnover is expected to exceed USD100bln in 2022



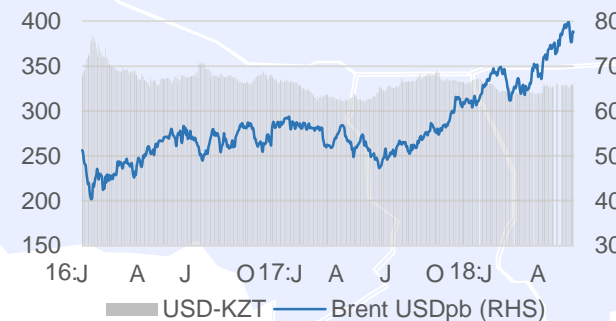
Expanding trade turnover is favorable for PCs with exposure to external markets: KMG, KAP, KTZ, Air Astana.

Inflation is expected remain within official target



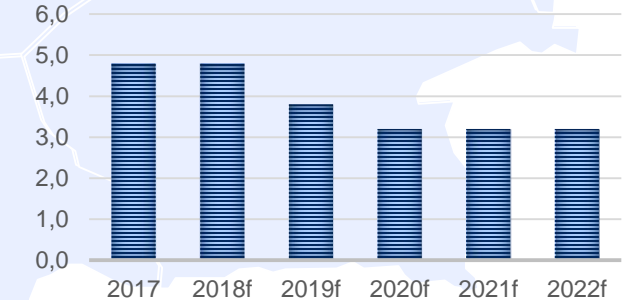
Predictable and easing inflation allow PCs to efficiently plan for the long-term amidst improved financial and investment conditions.

USDKZT expected at 330-340, oil price averaged at USD70pb YTD



Oil price trades above USD70pb in 2018 (2017: USD54.4pb), while USDKZT hovers at 330-340 range, combination of which bodes well for PCs with exposure to commodities and FX-denominated revenues.

Transportation growth is forecasted to average at 3.6% p.a. for 2018 – 2022



Further development of connectivity and transport infrastructure is expected to underpin external trade and transit volumes/potential, providing support for KTZ and Air Astana.

Transformation of portfolio companies rapidly entering execution stage; current cumulative net benefits 2018-2021 est. at KZT300 bln

Initiatives

Execution

Goals

1

Business process re-engineering and digitalization

2022

By 2022 total net financial benefits from current projects portfolio to be **around 300 bln. tenge** (excl. Digitalization projects);
By 2022 delivery of **Digitalization** projects

2

Simplification of the legal structures of the Portfolio companies

2021

By 2021 the number of companies in the Fund group to be around **300** companies with 3-4 levels of management

3

Take of the Portfolio companies to IPO

2021

By 2021, 7 companies of the group of Fund to be taken to **IPO**

Sustainable change implementation

4

Transformation of people

2020

By 2020 **corporate culture** projects will introduced, leadership program will be launched, HR target processes will be implemented;

5

Change and project management implementation

2020

By 2020 all **Transformation** projects to be implemented in accordance with the methodology & corporate standards and to be delivered in time, within the budget and reached their goals.

Comprehensive privatization plan for 2016-2020

200* companies of the Fund's group included in Privatization program

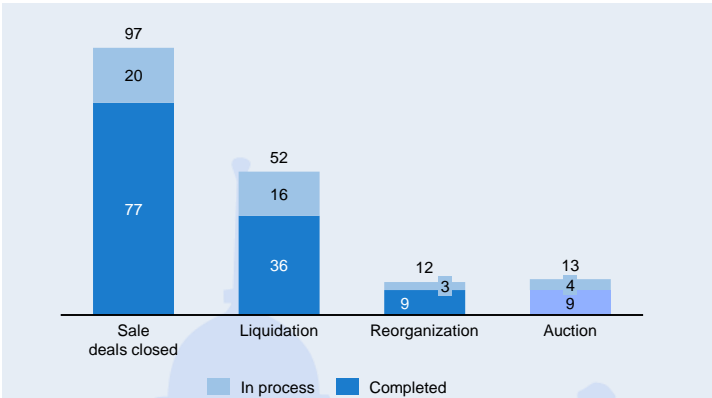
IPO/Sale to Strategic Partner
9 companies



State Commission considered and approved preparation for and ***IPO and sale to strategic partners*** of listed above companies ***during 2018-2020***

14 assets will be realized in the ***perimeter*** of the above 9 companies.

Sale through auction, liquidation, reorganization
176 companies*



State Commission considered and approved type of auction, liquidation and reorganization of companies.

As of 31.05.2018 **122 companies** sold and reorganized, total amount of proceeds equals to **KZT 132.2bln**
* 2 assets to be excluded

Remaining companies
15 companies

- Fund's Privatization project office will propose on types of actions related to companies to the State Commission during 2017-2018 (sale, liquidation or reorganization)
- Final decision will be made State Commission

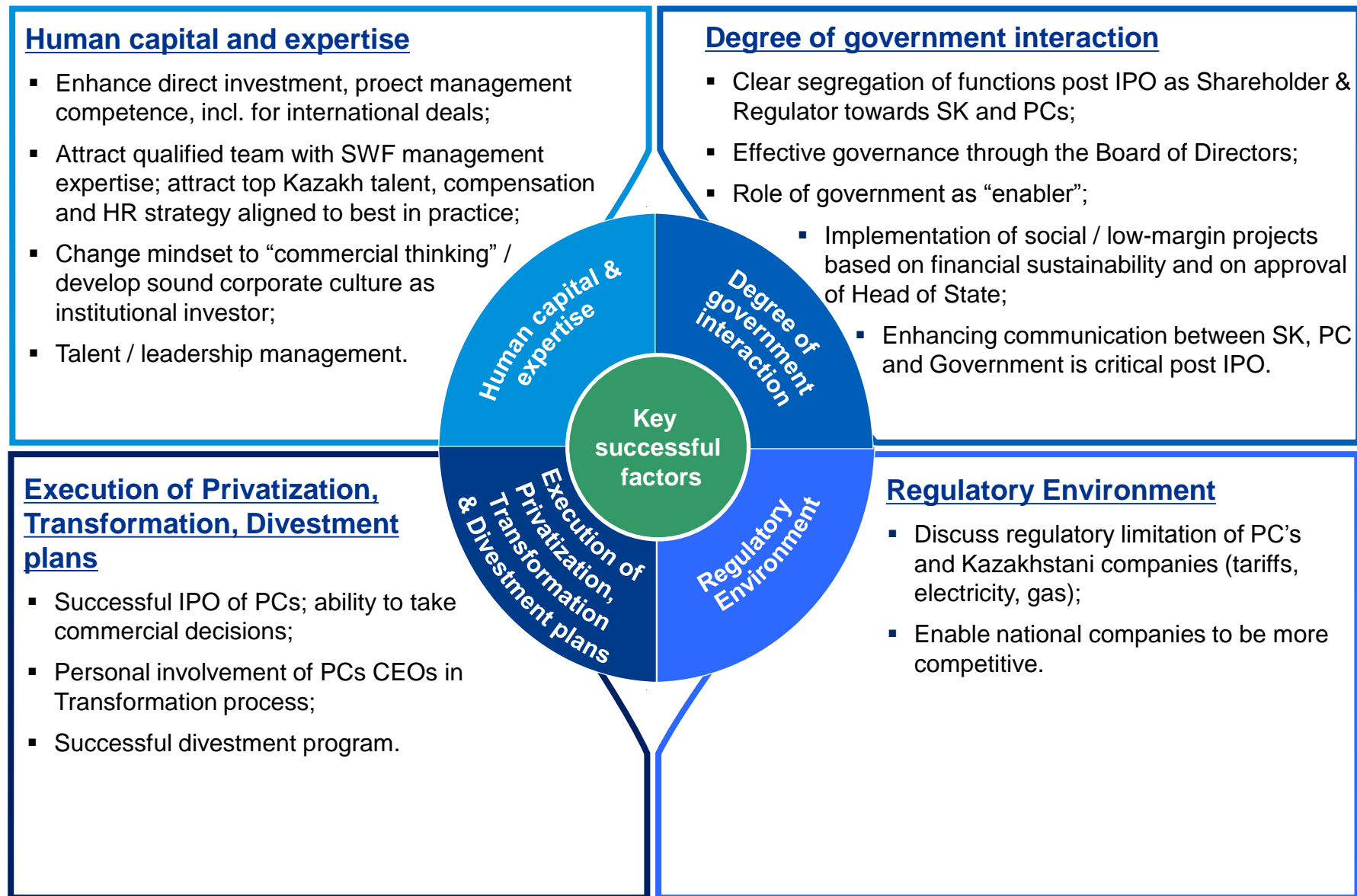
Full compliance to OECD corporate governance principles will significantly improve the effectiveness of portfolio companies

Clear definition of State functions
as **owner and regulator**

Management of state-owned companies through
professional Boards representation and granting them
full power in corresponding functions

- 1
 - Continued implementation of best practices in accordance with OECD principles on corporate governance
- 2
 - Strengthen the role of Fund Management Council through annual reports on strategy execution
- 3
 - Strengthen the role and composition of the Board of Directors of the SK
- 4
 - Strengthen the role and composition of the Board of Directors of the PC, increase their effectiveness and responsibility
- 5
 - Ensure independence and implementation of Board approved policies

Key successful factors



Conclusion: Key Takeaways

1

Strengthening financial sustainability of companies by reducing consolidated debt



2

Increasing value and increasing investment attractiveness of portfolio companies



3

Getting rid of non-core assets and unusual functions



4

Diversification of income through redistribution of Fund's resources to more efficient investment projects involving strategic partners



5

Focusing on a critical area - development of human capital, building of a qualified team of managers



Thank you!