

MESSAGE OF THE CHAIRMAN OF “SAMRUK-ENERGY” JSC BOARD OF DIRECTORS



Dear reader!

The 2020 is particularly important in the chronicles of the company's existence. This is the time when the entire power holding company together with the country was passing a serious test of maturity, resilience, and expertise. The coronavirus pandemic has made major adjustments in everyday life our citizens. Notwithstanding such situation “Samruk-Energy” JSC power engineers have gone through the difficult trial with honor and in the midst of the epidemic ensured not only the regular operation of all its power plants and coal mining facilities, but also maintained the growth of indicators.

“Samruk-Energy” JSC bolstered its financial stability in 2020. According to the annual operating results, the company entered the “green” zone of credit risk, which is illustrative of its stable financial standing despite a considerable change in the economic environment, including the impact of COVID-19 pandemic. To enter the “green” zone, the company's management implemented a broad range of activities on reducing the level of debt burden and mitigating currency risks. Structured efforts on debt management from 2017 to 2020 enabled to reduce the debt by 94.5 bn tenge in balance sheet terms, which makes it possible to accomplish

the targets of financial stability ratios set by the shareholder. Following the work conducted, the international rating agency Fitch Ratings confirmed the long-term ratings of “Samruk-Energy” JSC at “BB” level, the Outlook Stable, and raised the company's credit rating on a standalone basis from «b» to «b+».

In 2020, the company conducted a large-scale optimization of operating and capital expenditures (totaling 18 bn tenge), which allowed creating a certain “cushion” and ensure the maintenance of financial stability. It is worth noting that optimization activities were performed in line with “Samruk-Kazyna” JSC instructions. Last year, the companies that are part of “Samruk-Kazyna” JSC structure were assigned a wide range of tasks and given certain instructions, including the reduction of costs that do not directly affect operations.

This year, “Samruk-Energy” JSC completed or launched vital projects that actually create a vision of future Kazakhstan's energy sector.

The implementation of pivotal project at “Bogatyr” open-pit mine – cyclical-and-continuous method has commenced. The deployment of continuous production line will allow producing coal at a depth of more than 200 meters and will increase the capacity of Bogatyr open pit mine up to 40 mln tons of coal per year. The program for comprehensive retrofit of “Shardarinsk HPP” was completed. Investments in the project amounted to 38 bn tenge. The construction of two wind power plants in Almaty and Akmola regions has been launched.

Next year will require from us the same responsible and dedicated work, high proficiency, readiness to use advanced technologies and up-to-date approaches in addressing key challenges. The company's long-term plans include the implementation of significant projects involving rehabilitation and construction of power units at “Ekibastuz SDPP”, improvement of environmental conditions in southern regions of the country, and development of renewable energy sources.

In conclusion, I would like to note that “Samruk-Energy” JSC always commit itself to the course set by the country's leadership and “Samruk-Kazyna” JSC. In the meantime, a special consideration is given to environmental, energy security issues and development in accordance with present-day trends and challenges. I am confident that the company will fully accomplish all the tasks assigned to it.

**Akchulakov
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