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### АО «Казахстанская фондовая биржа»

Настоящим Акционерное общество «Қазақстан темір жолы» (далее – АО «НК «ҚТЖ»)) согласно Правил размещения на интернет-ресурсе депозитария финансовой отчетности, фондовой биржи информации о корпоративных событиях, финансовой отчетности и аудиторских отчетов, списков аффилированных лиц акционерных обществ, а также информации о суммарном размере вознаграждения членов исполнительного органа по итогам года, утвержденных постановлением Правления Национального Банка Республики Казахстан от 28 января 2016 года № 26, сообщает, что 26 октября 2016 года Международное рейтинговое агентство Moody 's Investors Service приняло решение о том, что не будет пересматривать свои предположения о государственной поддержке АО «НК «ҚТЖ».

Приложение: на 4 листах.

- пресс-релиз Международного рейтингового агентства Moody 's Investors Service от 26 октября 2016 года на английском языке.

Вице-президент по финансам

М. Кабашев

Исп. Кайратова А.  
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# MOODY'S

## INVESTORS SERVICE

### **Announcement: Moody's will not revise its state support assumptions for National Company Kazakhstan Temir Zholy JSC**

Global Credit Research - 26 Oct 2016

London, 26 October 2016 -- Moody's Investors Service will not revise its "high" assumption of state support for National Company Kazakhstan Temir Zholy JSC (KTZ) following a delayed payment from KTZ's subsidiary, Vostokmashholding (VMZ, not rated), to the creditor bank, Halyk Savings Bank of Kazakhstan (Halyk, Ba2 long term bank deposit rating, negative), in June this year under a KZT10.6 billion (approximately \$32.0 million) credit line. The incident has not led to a declaration of default by Halyk, as confirmed by the bank in writing. The loan in question, granted for the modernisation of railcar production at VMZ in 2012 and partially guaranteed by KTZ, was restructured by the parties in July 2016, and was reclassified as a long-term obligation. The new loan matures in 2020, with a grace period for principal and interest payments until February 2018. The outstanding amount guaranteed by KTZ is KZT4.6 billion (approximately \$12.0 million).

#### RATINGS RATIONALE

In determining the ratings of KTZ, Moody's applied its rating methodology for government-related issuers. Under this methodology, the rating is driven by a combination of (1) KTZ's baseline credit assessment (BCA) of b1; (2) the Baa3 rating of the Kazakhstan government, which carries a negative outlook; (3) the high default dependence between the group and the government; and (4) the high probability of state support in the event of financial distress.

After KTZ's standalone BCA was lowered to b1 from ba3, on 27 April 2016, state support became a more prominent component of the company's ratings. The positioning of the rating at the same level as that of the sovereign reflects the demonstrated track record of state support for KTZ, and the expected future willingness and ability of the state to continue to extend support if necessary.

Moody's notes that the government has played a critical role in orchestrating the refinancing of KTZ Finance's \$350 million bond, which was fully paid on 11 May 2016. The previously arranged EBRD-led refinancing syndicate loan for up to \$300 million was no longer available to KTZ in the full amount, leading the state to step in to (1) arrange for the State Pension Fund to buy KTZ's new KZT50 billion (around \$148 million) local bond on 25 April 2016; and (2) support KTZ in arranging a \$100 million credit facility with Halyk.

Following this refinancing, Moody's assessed KTZ's liquidity for the next 12 months as adequate, and noted that refinancing will peak in 2020, when KTZ's \$700 million bond matures.

KTZ remains a strategically important infrastructure asset in Kazakhstan. As a means of regular support, the state subsidises the company's loss-making passenger transportation business through the extension of KZT21.0 billion to 23.0 billion (\$63.0 million to \$70.0 million) per year, of which KZT12.1 billion was received in the first nine months of this year. KTZ also receives equity injections to support its investment programme: in 2016, the company expects to receive a total of KZT128 billion (\$388 million), of which KZT46.4 billion had been transferred at end-September. The company has been granted approvals for the indexation of freight transport tariffs by 4% in 2016-20, and of locomotive traction tariffs by 4.6% in 2016.

Moody's expects KTZ's freight operations to improve in the second half of this year, to drive year-on-year revenue growth of 12%-14% and profitability, as measured by the EBITDA margin, of around 24%. In 2016 KTZ's capex will be more than 70% covered by the government's equity. Provided there is no sharp devaluation of the Kazakhstani tenge, KTZ should report a net profit.

Headquartered in Astana, Kazakhstan, KTZ is the 100% state-controlled, vertically integrated rail group that operates the Republic of Kazakhstan's national rail network. KTZ's sole shareholder is the state, as represented by JSC National Welfare Fund Samruk Kazyna (not rated). KTZ is the only provider of rail infrastructure services in Kazakhstan, and leads in the railway transportation market. In the first six months of 2016, the group generated revenue of around KZT389.5 billion (approximately \$1.2 billion), and an operating profit of KZT36.8 billion (approximately \$111.5 million).

This publication does not announce a credit rating action. For any credit ratings referenced in this publication,





please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

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