

Kazakhstan will continue to reduce uranium production.

Altynay Ibraimova — December 05, 2017

Yesterday NAC Kazatomprom, the world leader in the extraction of uranium, announced its intention to reduce planned uranium production by 20%, in order to better align its output with demand.

The scheduled cuts will be enacted for a period of three years commencing January 2018. In 2018, production in Kazakhstan is expected to decline by 4ths tonnes, which according to Kazatomprom corresponds to 7.5% of the projected world production in 2018. Together, over the three-year period, the Company expects the cut in production of about 11ths tons.

At the same time, the Company notes that the decision taken will not affect future commitments for the supply of uranium.

Our view

As we already wrote earlier in [our report](#), the reduction in uranium mining by Kazakhstan was expected. Measures to stabilize the uranium market are being undertaken by Kazakhstan, as the largest producer of uranium (more than 37% of world production), not for the first time. This year, Kazatomprom has already reduced uranium production by approximately 10%, which is 2ths tons of uranium and corresponds to 3% of the total world uranium production. Recall that after the announcement of plans to reduce in January this year, the price of uranium and Cameco shares for the day went up by 18%. Taking into account the retrospective reaction of the market, we refer the news of further decline in uranium production to short-term driver growth in Cameco shares. As the decision to cut production was expected by us, we maintain our BUY recommendation with 12M TP CAD14.39/share.

© 2018 Halyk Finance, a subsidiary of Halyk Bank.

For contact details see the information on Halyk Finance website www.halykfinance.kz or contact Halyk Finance office. All rights reserved. This document and/or information has been prepared by and, except as otherwise specified herein, is communicated by Halyk Finance. This document is for information purposes only. Opinions and views expressed in this document do not necessarily represent the opinions and views held by Halyk Finance, or other subsidiaries of Halyk Bank. The differences of opinion stem from different assumptions, sources information, criteria and methodology of valuation. Information and opinions expressed herein are subject to change without notice; and neither Halyk Finance, or Halyk Bank, or any of its subsidiaries or affiliates are under any obligation to keep them current. This document is not an offer or an invitation to engage in investment activity. It cannot be relied upon as a representation that any particular transaction necessarily could have been or can be effected at the stated price. This document does not constitute an advertisement or an offer of securities, or related financial instruments. Descriptions of any company or companies or their securities or the markets or developments mentioned herein are not intended to be complete. Views and opinions expressed in this document cannot substitute for the exercise of own judgment and do not attempt to meet the specific investment objectives, financial situation or particular needs of any specific investor. The information and opinions herein have been arrived at based on information obtained from sources believed to be reliable and in good faith. Such sources have not been independently verified; information is provided on an 'as is' basis and no representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness, reliability, merchantability or fitness for a particular purpose of such information and opinions, except with respect to information concerning Halyk Finance and its affiliates.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign-currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or the price of, or income derived from, the investment. Halyk Finance and its affiliates, directors, representatives, employees, or clients may have or have had interests in issuers described herein. Halyk Finance may have or have had long or short positions in any of the securities or other financial instruments mentioned herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any such securities or other financial instruments at any time, as principal or agent. Halyk Finance and its affiliates may act or may have acted as market maker in the securities or other financial instruments described herein, or in securities underlying or related to such securities. Employees of Halyk Finance or its affiliates may serve or have served as officers or directors of the said companies. Halyk Finance and its affiliates may have or have had a relationship with or have provided investment banking, capital markets, advisory, investment management, and/or other financial services to the relevant companies. Halyk Finance relies on information barriers to avoid the appearance of conflict of interests within Halyk Finance or in its relations with clients, other issuers, and external investors.

The information herein is not intended for distribution to the public and may not be reproduced, redistributed or published, in whole or in part, for any purpose without the written permission of Halyk Finance. Neither Halyk Finance nor any of its affiliates accepts any liability whatsoever for the actions of third parties in this respect. This information may not be used to create any financial instruments or products or any indices. Neither Halyk Finance, nor its affiliates, nor their directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising out of the use of any information herein.

© 2018, All rights reserved

Research	Department	Telephone	E-mail
Murat Temirkhanov	Head		m.temirkhanov@halykfinance.kz
Stanislav Chuyev	Deputy Head		s.chuyev@halykfinance.kz
Assan Kurmanbekov	Macroeconomics		a.kurmanbekov@halykfinance.kz
Elmira Arnabekova	Macroeconomics		e.arnabekova@halykfinance.kz
Altynai Ibraimova	Equity		a.ibraimova@halykfinance.kz
Andrey Kozhokaru	Equity		a.kozhokaru@halykfinance.kz

Sales	Department	Telephone	E-mail
Mariya Pan	Head		m.pan@halykfinance.kz
Dinara Asambayeva	Institutional		d.asambayeva@halykfinance.kz
Aizhan Turaliyeva	Institutional		a.turaliyeva@halykfinance.kz
Shynar Zhakanova	Retail		sh.zhakanova@halykfinance.kz
Sabina Mukanova	Retail		s.mukanova@halykfinance.kz

Halyk Finance

Abay av. 109 «B», 5th fl.
 Almaty, Kazakhstan, A05A1B4
 Tel: +7 727 357 31 77
www.halykfinance.kz

Bloomberg

HLFN
Thomson Reuters
 Halyk Finance
Factset
 Halyk Finance
Capital IQ
 Halyk Finance