



Business plan for motorway services in Kazakhstan

October 2019

Implementation of motorway services

Project summary

Project overview

This investment project provides for the construction and arrangement of motorway services along roads of national and international importance ("Project").

Project goals: create and develop motorway services along public roads of national and international importance for the following purposes:

- improve transport infrastructure in Kazakhstan and boost budget revenues
- improve the quality of transport service, ensure the safe and continuous traffic and increase the competitiveness of Kazakhstan transit routes.

Provided services

- *Categories A and B:* motel, retail and entertainment area, retail outlet, catering facility, maintenance area (petrol filling station, repair shop and carwash), parking lot, medical centre, sanitary facilities and showers.
- *Category C:* catering facility, retail outlet, parking lot, medical centre, sanitary facilities and showers.
- *Category D:* Petrol filling stations, sanitary facilities and showers, retail outlet

Project's initiator: KazAvtoZhol NC JSC ("Initiator")

Project investment attractiveness

Index	Categories of motoway services		
	A and B	C	D
Investment, US\$ thousands	2,456	367	883
Project NPV, US\$ thousands	2,045	319	167
IRR, %	26.12%	28.41%	17.10%
EBITDA return, %	18.4%	79.9%	13.1%
Payback period, years	5.12	4.81	6.98
Discounted payback period, years	7.35	6.67	13.84

Project implementation assumptions

Growing demand for vehicles

For the past 10 years, the number of vehicles in the country increased annually by 5% on average. As forecasted, the country's vehicle fleet will increase from 4.3 million cars in 2018 to 10 million cars in 2045-2050. Passenger and cargo traffics by road also increased in the country. The average annual growth of the figures over the past 5 years was 2.6% and 2.05%, respectively.

Transit potential

The territory of Kazakhstan is becoming more attractive for cargo transit between the East and the West. The growth in transit by road over the past year was 223%. Implementation of the Project will help derive the greatest benefit from transit flows and provide the transport infrastructure of the highest quality. The Project also provides for the installation of gas stations as part of the Belt and Road Initiative (BRI) project. To keep such growth rates at the same level it is required to provide high service for transit flows on the country's roads.

Increasing demand for services

After the Western Europe - Western China International Transport Corridor will be completely commissioned, the increase in road traffic will result in high demand for services directly on the route. According to Strategy Partnership experts, cargo transit through the country is expected to increase up to 36 million tonnes by 2020 with a subsequent increase up to 50 million tonnes per year.

Extensive customer base

Motorway service facilities of various categories will be located along all major road sections in Kazakhstan, covering also adjacent road sections to foreign countries. It's worth noting that cargo transportation by land accounts for 30%. In 2018, passenger traffic by land accounted for 88%. In this case, land traffic doesn't imply rail transport.



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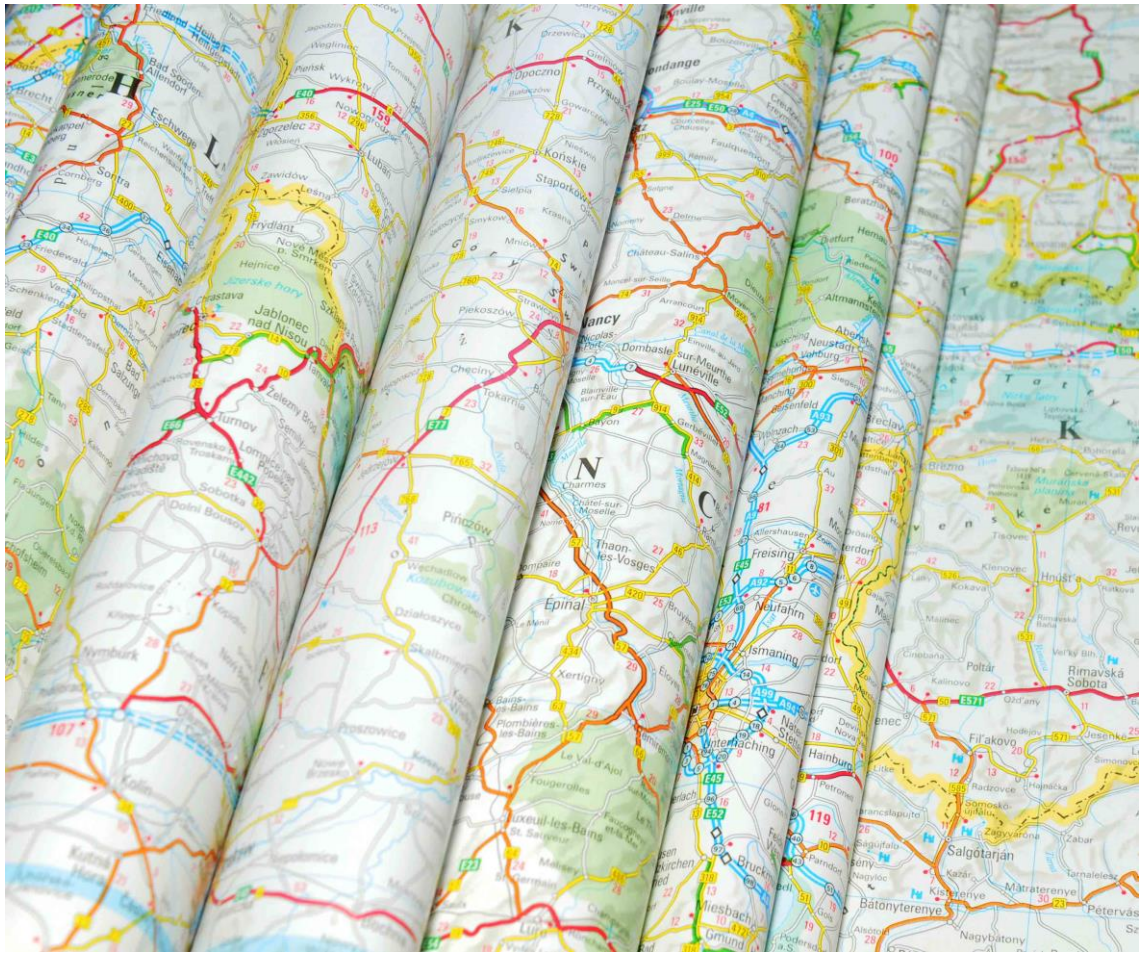


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Project overview and objectives



Project general information

Sector: transport and logistics

Activities: creation and development of the transport and logistics infrastructure

Provided services:

- *Categories A and B:* motel, retail and entertainment area, retail outlet, catering facility, maintenance area (petrol filling station, repair shop and carwash), parking lot, medical centre, sanitary facilities and showers.
- *Category C:* catering facility, retail outlet, parking lot, medical centre, sanitary facilities and showers.
- *Category D:* Petrol filling stations, sanitary facilities and showers, retail outlet

Project goals:

create and develop motorway services along public roads of national and international importance for the following purposes:

- improve transport infrastructure in Kazakhstan
- boost budget revenues
- improve the quality of transport service, ensure the safe and continuous traffic
- increase the competitiveness of Kazakhstan transit routes.

Project overview

The Project provides for the creation and development of motorway services along public roads of national and international importance.

Motorway service facilities are divided into categories A, B, C, D, depending on their structure and types of services they will provide. They are:

- Motorway service facilities of category A are multifunctional motorway service facilities providing various types of services to road users and located on a single territory.
- Motorway service facilities of category B are long-rest facilities offering a wide range of motorway services.
- Motorway service facilities of categories C and D are short-rest facilities meeting the urgent needs of road users.

Depending on the complexity of mandatory motorway service facilities of categories A, B, C and D, there are recommended areas for the facilities of the corresponding category: A - over 7 ha, B - 5 to 7 ha, C - up to 3 ha and D - up to 2 ha.

There are also recommended distances between motorway service facilities on public roads of categories I-a, I-b and II:

- A: distance of 150-240 km, staggered arrangement
- B: distance of 80-120 km, staggered arrangement
- C: distance of 20-60 km, staggered arrangement
- D: distance of 40-50, two-sided arrangement

It is recommended to define the complexity of the motorway service facility of the corresponding category based on the estimated traffic intensity:

- Motorway service facilities of category A - over 7,000 vehicles/day
- Motorway service facilities of category B - over 1,000 vehicles/day
- Motorway service facilities of categories C and D - over 100 vehicles/day

Motorway service facilities of category A will be built in all 14 oblasts and 3 regional cities of Kazakhstan.

Over 40 large sites have been already identified to build typical facilities of category A.

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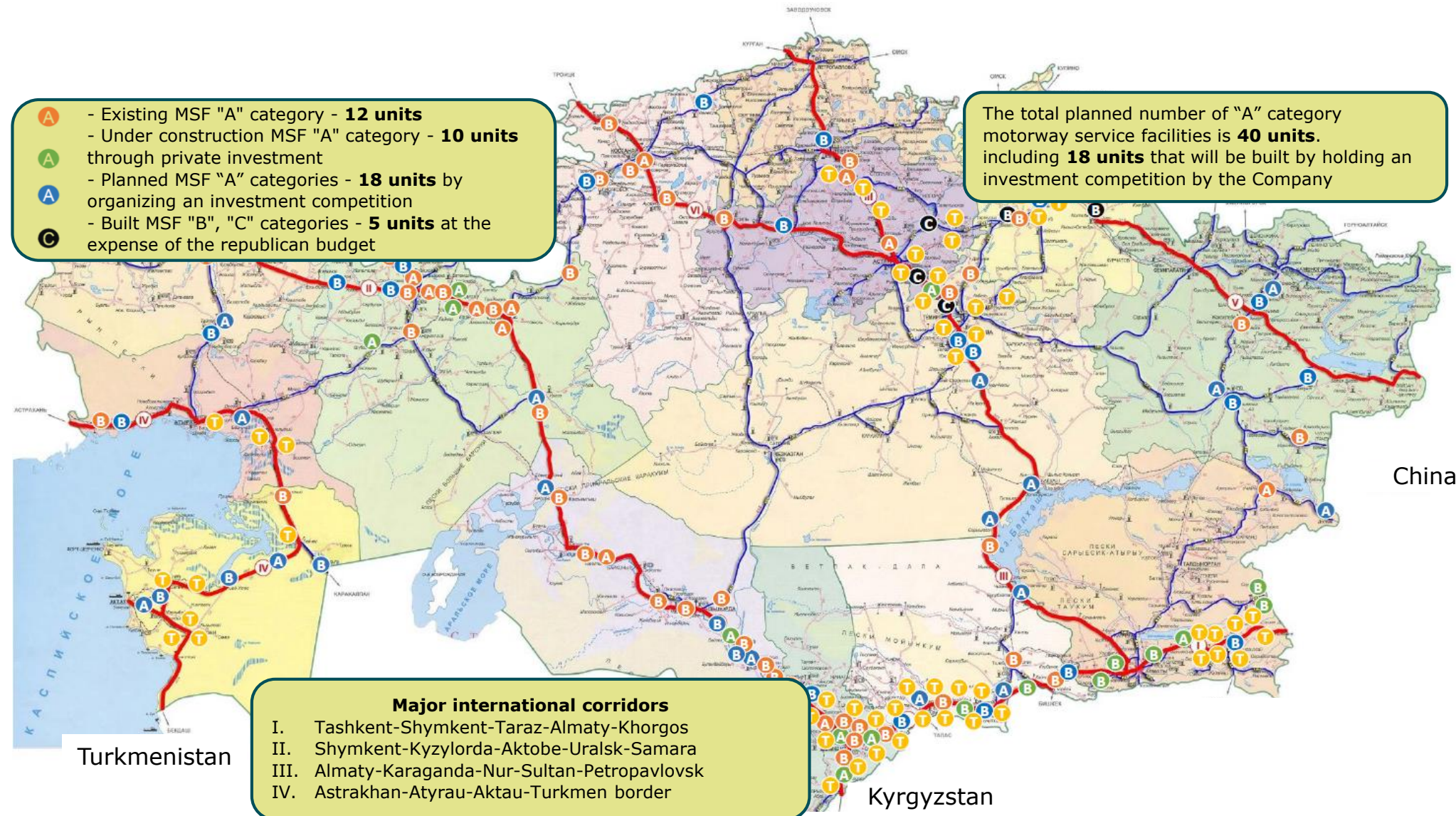
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A and B facilities layout: Project Implementation Map



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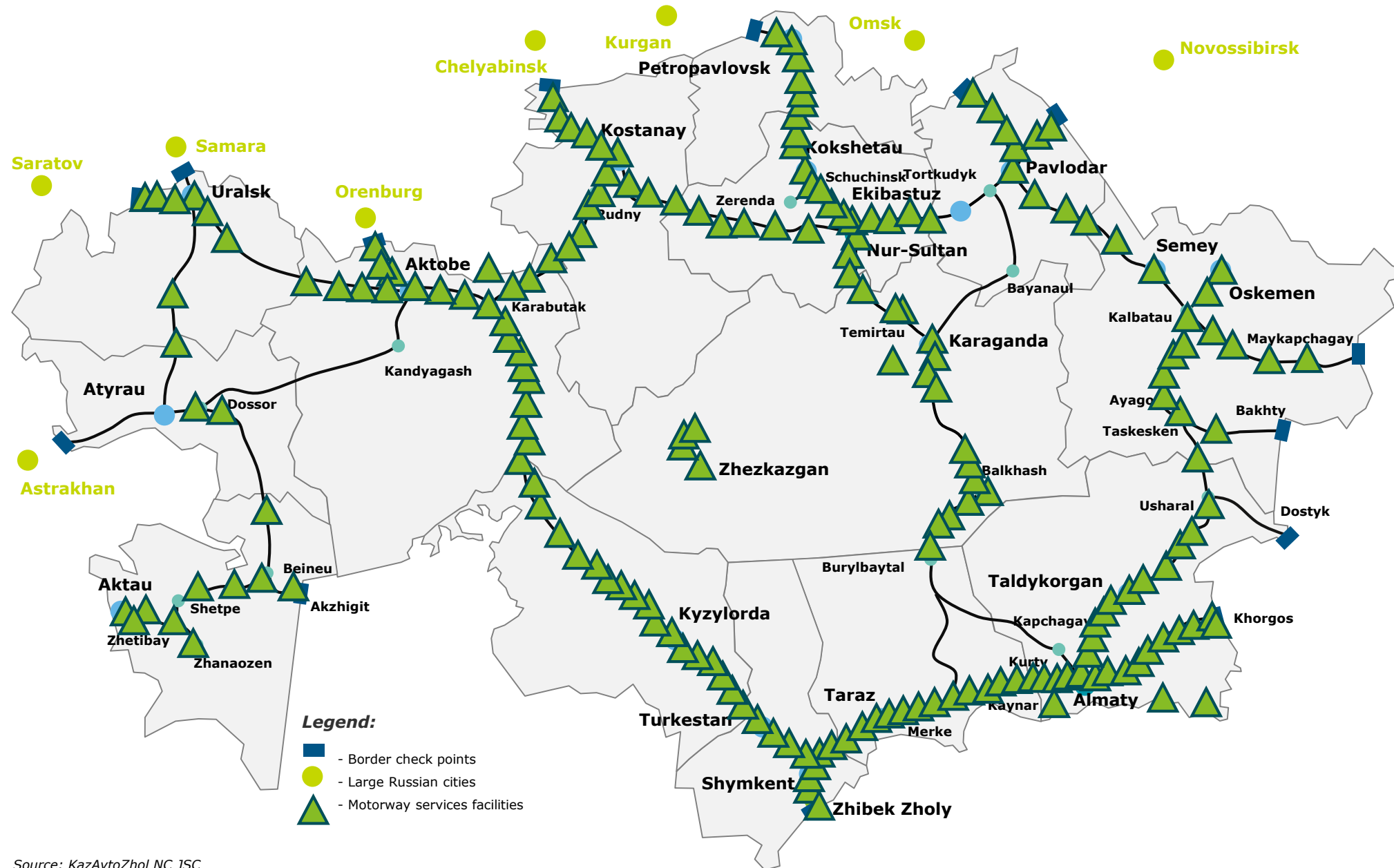
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Implementation of motorway services

Map of existing recreational areas for motorway services of categories "C" and "D"



Source: KazAvtoZhol NC JSC

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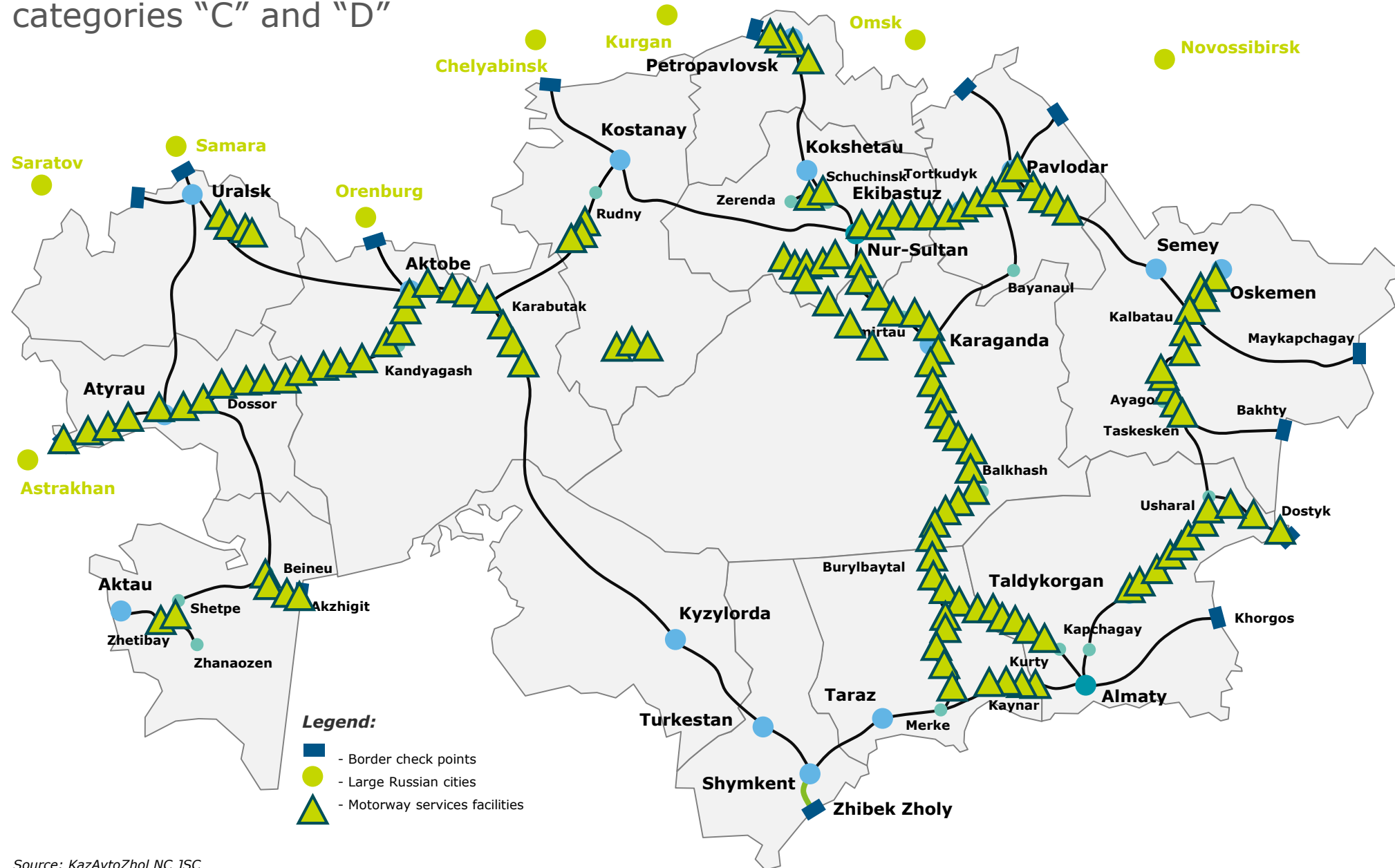
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Map for reconstruction of roads and construction of new recreational facilities of categories "C" and "D"



Source: KazAvtoZhol NC JSC

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Implementation of motorway services

Description of motorway service categories



Classification of motorway service facilities depending on their structure

Mandatory motorway service facilities	Category of motorway service facilities			
	A	B	C	D
Petrol filling station	+	+	-	+
Motel, camping	+ min. 25 rooms	+ min. 10 rooms	-	-
Well-equipped (heated) cloakroom	+	+	+	+
Public showers	+	+	-	-
Retail outlet	+	+	+	+
Public catering facility (seats)	+ min. 40 seats	+ min. 40 seats	+ min. 15 seats	-
Repair shop	+	+	-	-
Car wash	+	+	-	-
Individual parking lots for buses, cars, trucks	+	+	+	-
Guarded parking	+	+	-	-
Camping site	+	+	+	-
Shopping and entertainment area	+	-	-	-
Medical centre	+	+	-	-

Note:
Today in nat. standard 2476-2014 of Republic of Kazakhstan changes are being made regarding the exclusion of gas stations from Category "B".

Source: KazAvtoZhol NC JSC

List of mandatory services provided by motorway facilities of the corresponding category

Mandatory services	Category of motorway service facilities			
	A	B	C	D
Petrol filling station	+	+	-	+
Motel/camping	+	+	-	-
Well-equipped (heated) cloakroom	+	+	+	+
Public showers	+	+	-	-
Retail outlet	+	+	+	+
Public catering	+	+	+	-
Repair shop	+	+	-	-
Car wash	+	+	-	-
Guarded parking	+	+	-	-
ATM, payment kiosks	+	-	-	-
Camping site	+	+	+	-
Medical services	+	+	-	-
Warming centre	+	+	+	+
Tourist bureau	+	-	-	-
Children's playground	+	+	-	-
Mother-and-child room	+	+	-	-

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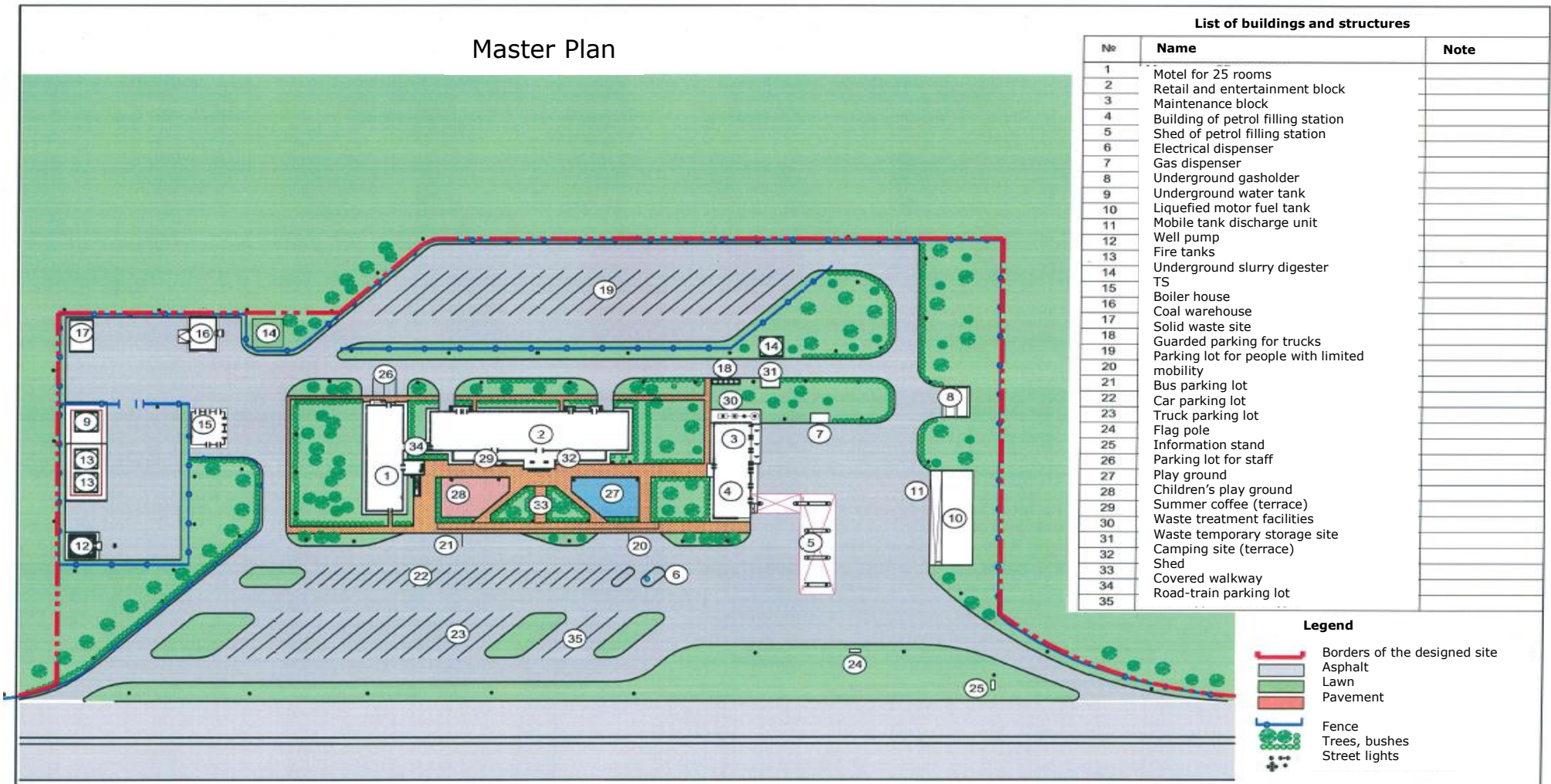


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Master plan of motorway services of category A



Master Plan



Source: KazAvtoZhol NC JSC

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Implementation of motorway services

Motorway infrastructure of category A



Motel for 25 rooms
<p>A two-story motel for 25 is connected with the retail and service block by a warm corridor.</p> <p>The motel is designed for rest and short stay of drivers and passengers.</p> <p>Opening hours - around the clock, 365 days a year.</p>
Retail and service block
<p>A retail and service block with a cafe for 25 people is a one-story building to service drivers and passengers.</p> <p>The building comprises a mother-and-child room, security room, 40-seat cafe with associated production facilities, bathrooms for visitors, staff and limited mobility people, personal hygiene room, cleaning equipment room, staff room, showers, manager's office, medical centre, exchange office, minimarket with associated premises, electrical room.</p> <p>Opening hours - around the clock, 365 days a year.</p>
Maintenance block and petrol filling station
<p>The maintenance block together with the petrol filling station is a one-story building meeting the safety and technological requirements, which is intended for maintenance and repair of all types of vehicles, and equipped with communication and lighting systems.</p> <p>Opening hours - around the clock, 365 days a year.</p>

Petrol and gas filling station
<p>The petrol and gas filling station's capacity is 750 fillings per day. A gas supply source is the designed group of underground tanks $V = 2 \times 9.7 \text{ m}^3$ with a self-priming pumping unit FD-150-5.5-3000 with a capacity of 120 l/min.</p> <p>The estimated capacity is 85.0 l/min; max. capacity is 195 l/min.</p>
Petrol filling station
<p>A typical design of motorway service facilities is developed in accordance with regulatory and technical documents applicable in Kazakhstan: SN RK 3.03-01-2011 "Technical Design Standards".</p>
NVG refill station and LNG fuel station
<p>Installation of NVG refill station and LNG fuel station along the corridor "Western Europe - Western China".</p>
Other motorway service components
<p>Water pipes, sewers, water well, sewerage-septic tank, bio-septic tank.</p>

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Buildings and land plots of category A

Buildings

Several buildings are planned to be built under the Project. The investor has the right to change the design, technology, architectural repairs within the framework of nat. standard.

Buildings and structures

Name	Number of storeys	Constructi on area, m2	Total area, m2	Gross building volume, m3
Motel for 25 rooms	2	410	567	2,667
Retail and service Block	1	850	616	3,584
Maintenance block and petrol filling station	1	370	275	1,437
Total	-	1,630	1,348	7,688



Source: Company's data
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Land plots

The land plot is of 8.5 ha. A land plot of 2,474 square meters is required for facilities to be built.

Land plots

Name	Unit	Qty	% of total area
Construction area	m2	2,474	2.9
Area occupied by driveways, parking lots, sidewalks, platforms, pavement	m2	24,923	29.5
Green area	m2	57,153	67.6
Site area (conditionally)	ha	8.5	100



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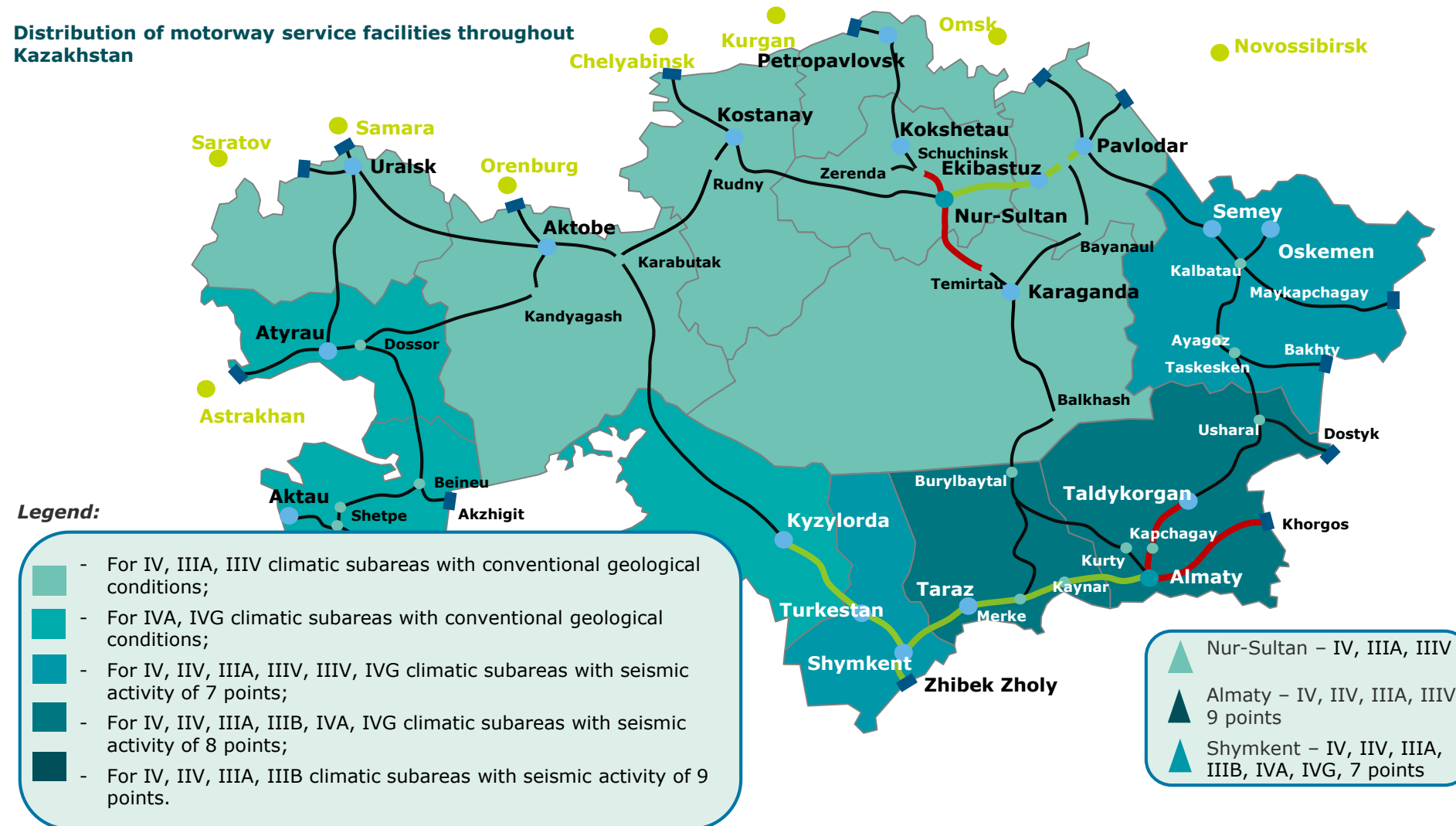
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Technical category of Republican roads and climatic subareas

Distribution of motorway service facilities throughout Kazakhstan



Source: KazAvtoZhol NC JSC



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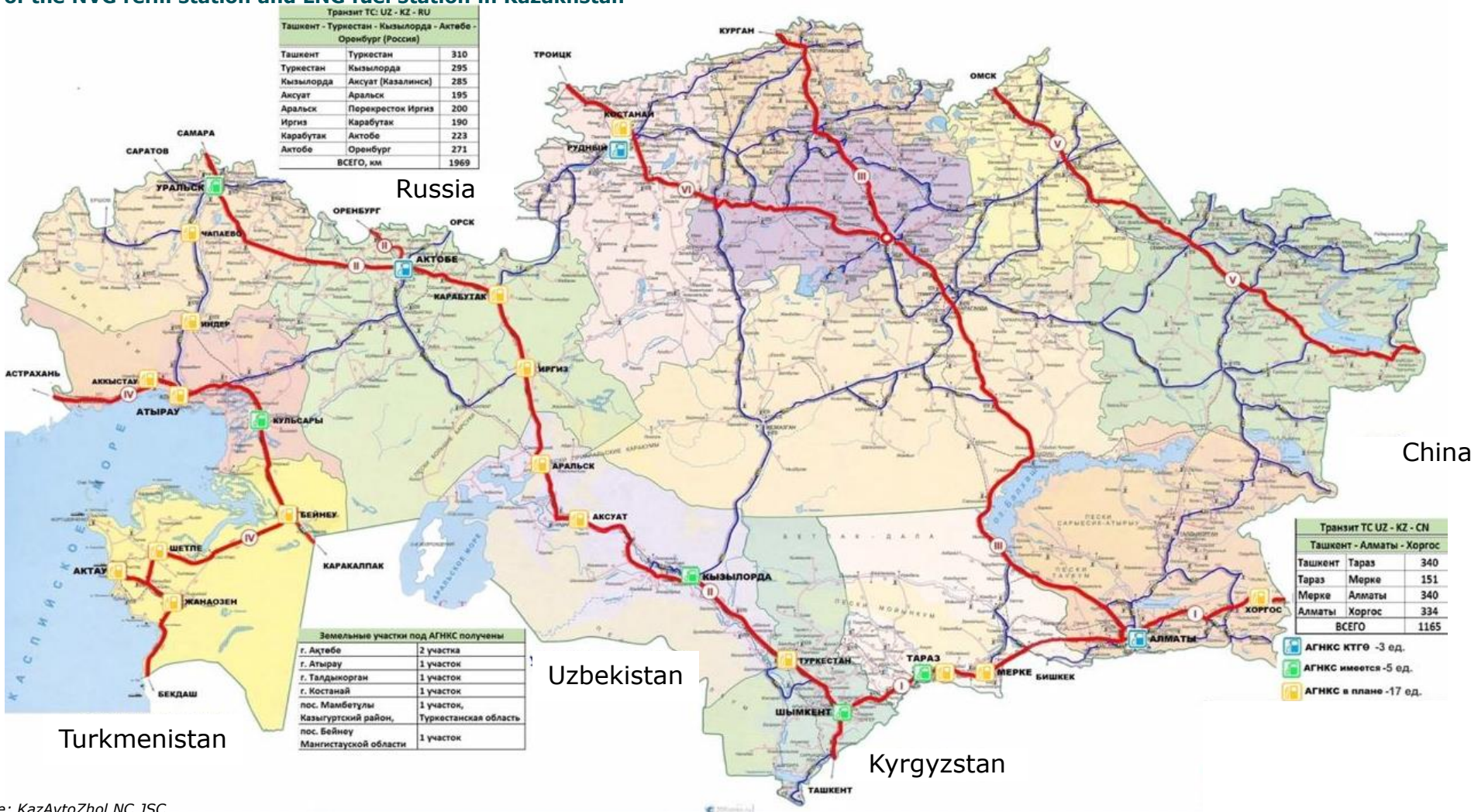
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Map of the NVG refill station and LNG fuel station in Kazakhstan

Map of the NVG refill station and LNG fuel station in Kazakhstan



Source: KazAvtoZhol NC JSC



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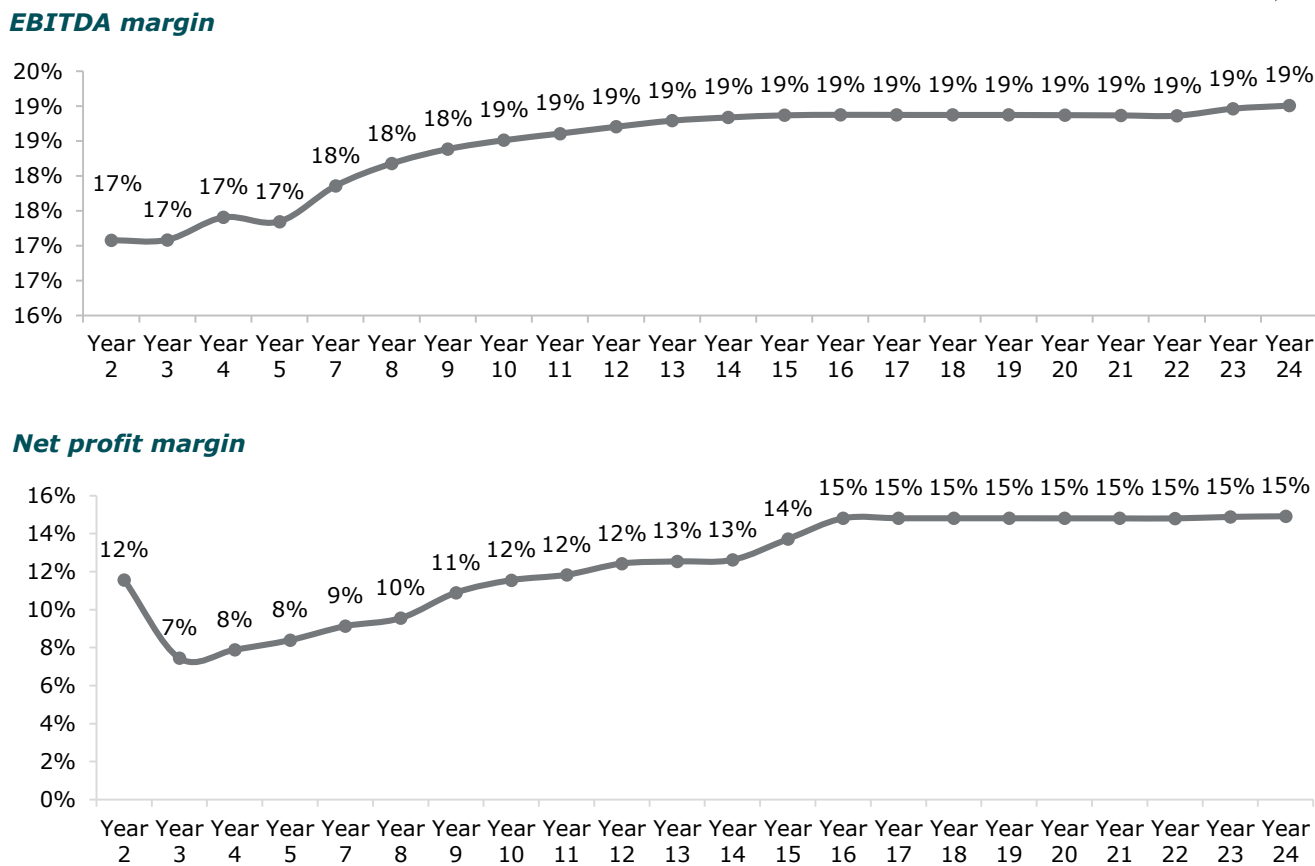
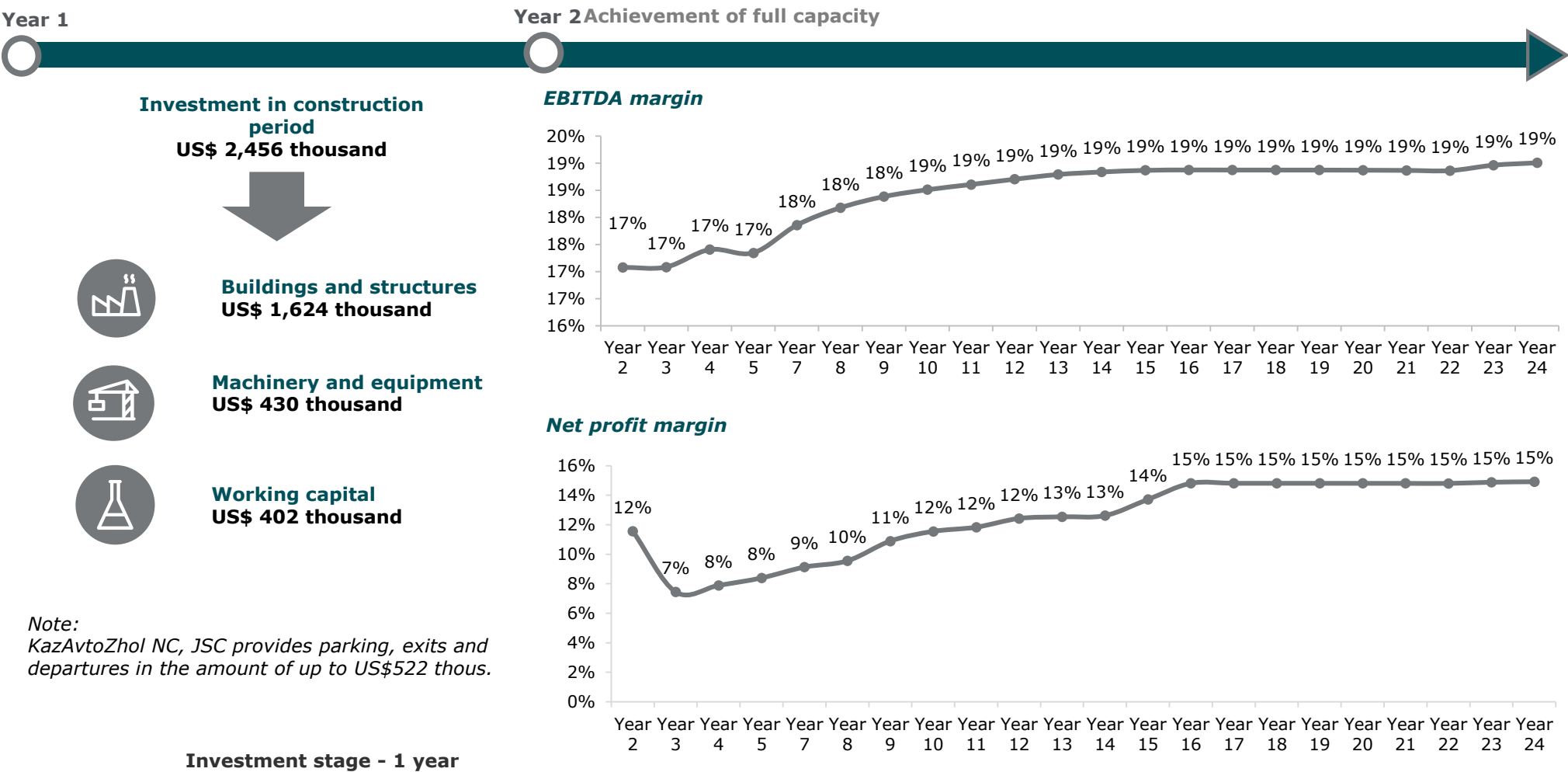
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Implementation of motorway services

Investment plan: categories A and B

Project implementation schedule



Source: Initiator's data, Deloitte analysis
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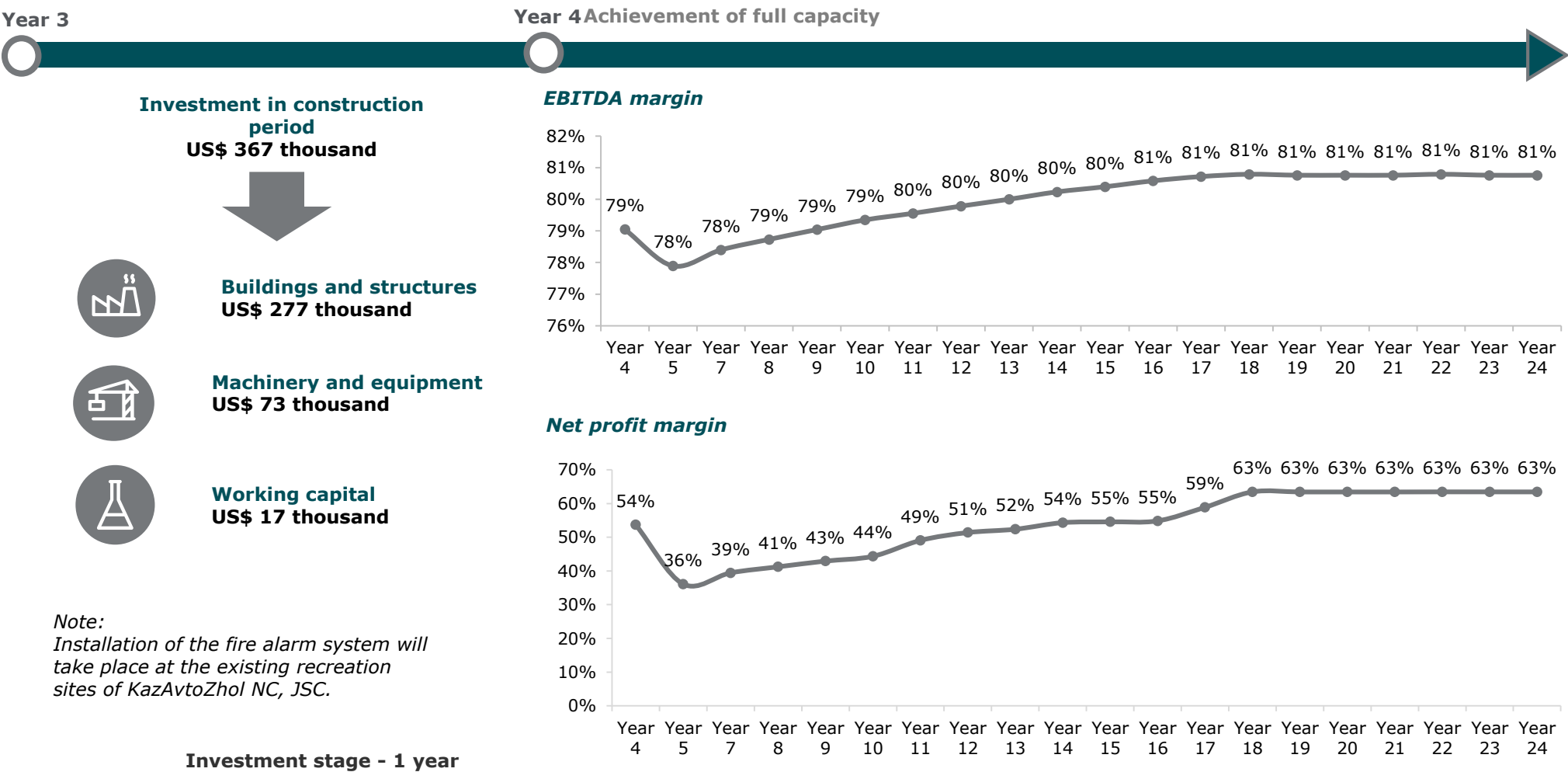


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Investment plan: category C



Project implementation schedule



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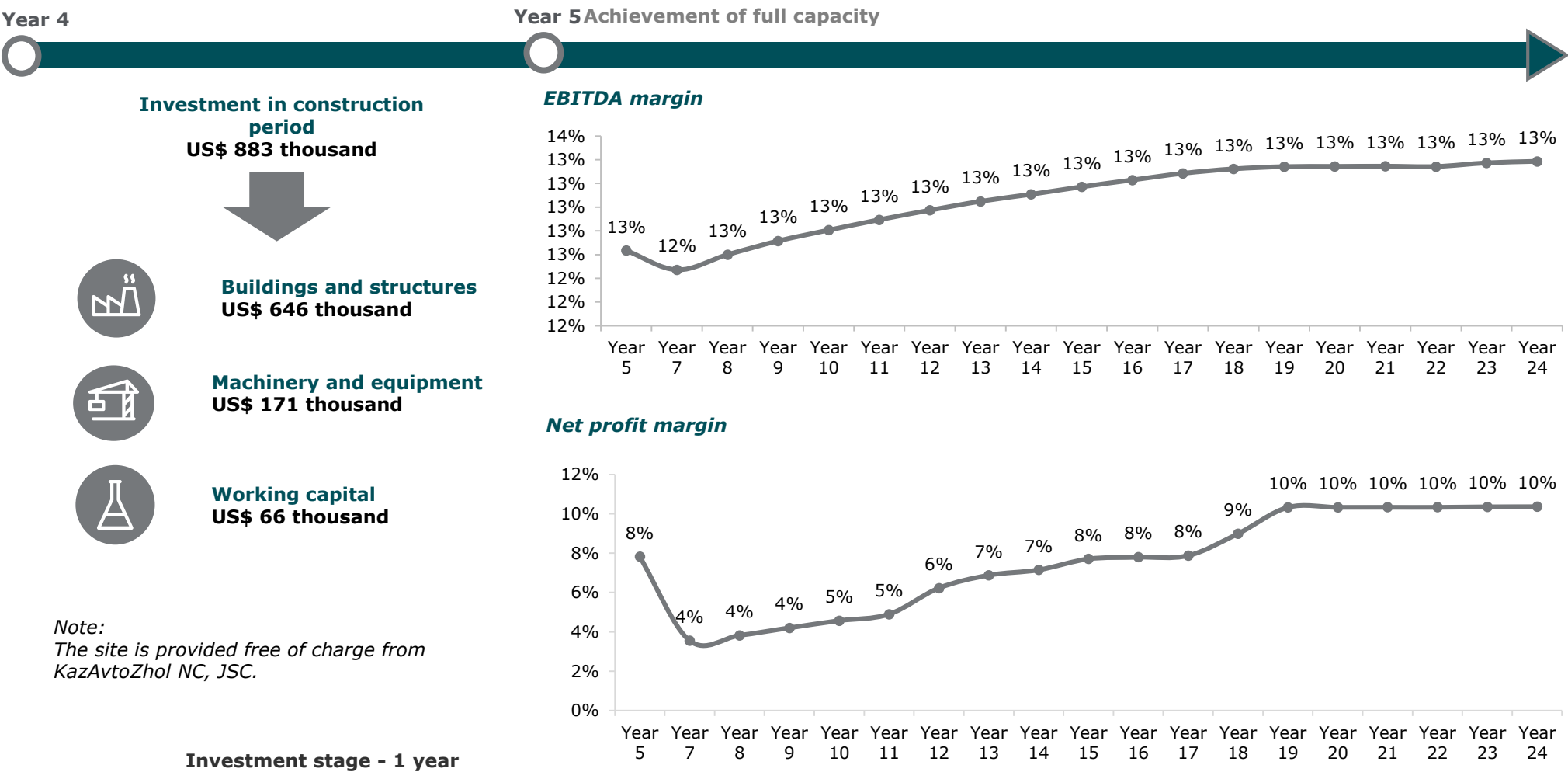


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Investment plan: category D



Project implementation schedule



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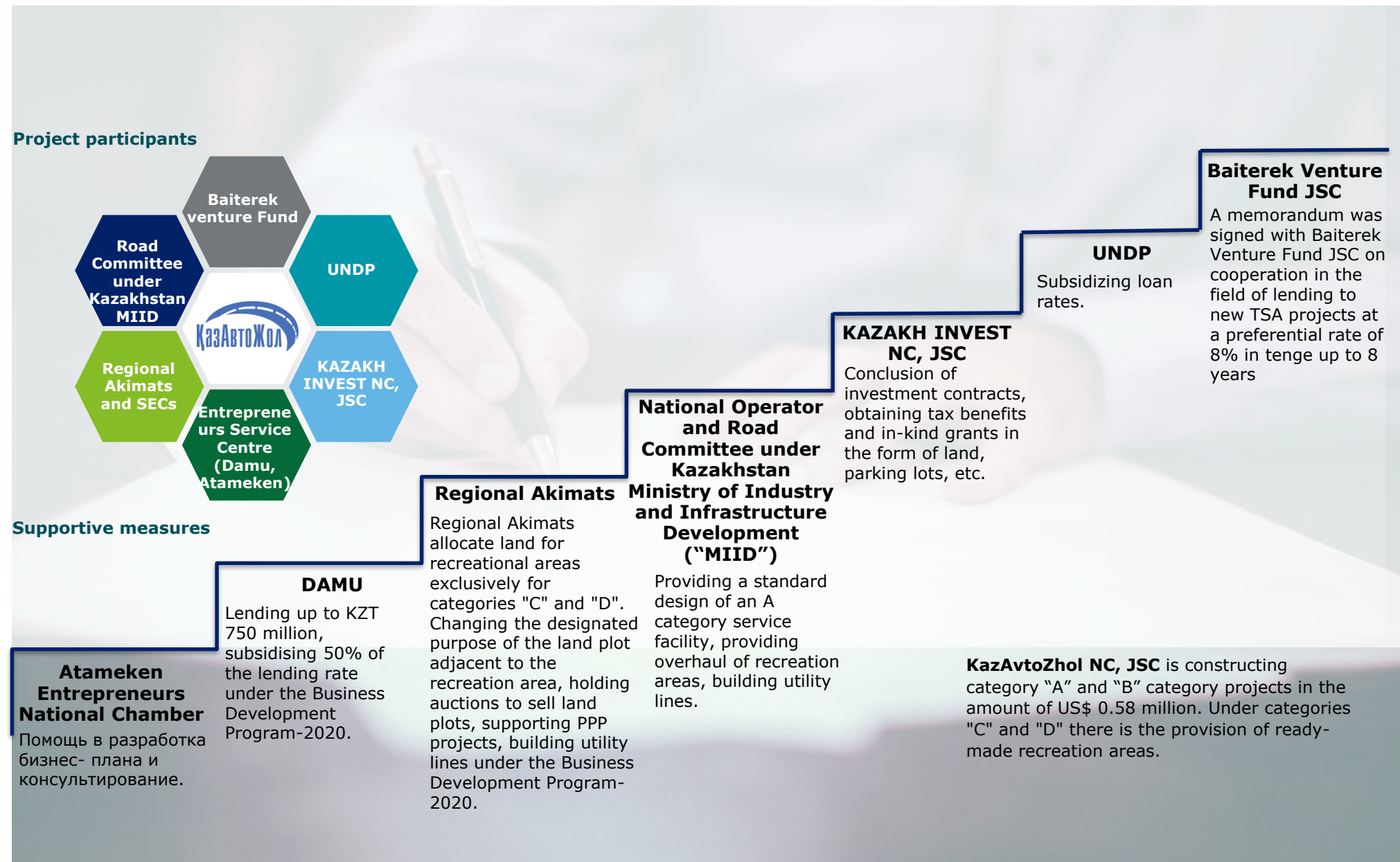
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Маркетинговый раздел

Финансовый раздел

Преимущества и факторы риска

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Organization of service on recreation sites of categories "C" and "D"



Service arrangement in recreation areas

Paid sections and road reconstruction sections under trust management of the National Operator.

Public roads under custody of the National Operator.

1 SMEs contact the Entrepreneurs Service Centre.

2 An investment tender is announced according to the National Operator's rules.

3 A 20-year agreement is signed between the National Operator and the Enterprise.

1 SMEs contact the Entrepreneurs Service Centre.

2 A trust management application is submitted to the Committee of State Property and Privatization ("CSPP").

3 A tender is announced according to the CSPP's rules at gosreestr.kz.

4 A 20-year trust management agreement is signed between CSPP and SME.

KazAvtoZhol NC, JSC issues technical conditions and allows to join the finished recreation areas (behind the sites) only for investment projects of categories "C" and "D".

Note:

As an exception, recreation areas on certain sections of public roads can be transferred to the investor under a Cooperation Agreement if there are no title documents.

Category C



Category D



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Allocation of land plots adjacent to recreation areas



Allocation of land plots adjacent to recreation areas

Land allocation through auction

- 1 KazAvtoZhol JSC transfers the land plot from communal ownership to the transport land category.
- 2 The Regional Akimat allocates a land plot in a roadside area to expand a recreation area.
- 3 The Regional Akimat announces an auction to sell a land plot, the designated purpose of which is motorway services of category A.
- 4 KazAvtoZhol JSC arranges the area according to the standard design or the design adjusted by the investor.
- 5 KazAvtoZhol JSC transfers the area to the investor under an investment agreement with Kazakh Invest NC JSC.

Land allocation through SEC

- 1 KazAvtoZhol JSC transfers the land plot from communal ownership to the transport land category.
- 2 The Regional Akimat allocates the land plot in a roadside area to expand a recreation area.
- 3 SEC and an investor establish a joint venture: SEC's contribution is the land plot, investor's contribution is funds.
- 4 KazAvtoZhol JSC arranges the area according to the standard design or the design adjusted by the investor.
- 5 KazAvtoZhol JSC transfers the area to the investor under an investment agreement with Kazakh Invest NC JSC.

Today, KazAvtoZhol NC, JSC holds a joint investment competition with KAZAKH INVEST NC, JSC. Regarding recreation areas of categories "A" and "B", if the investments amount to more than 20 thousand MCI, KazAvtoZhol NC, JSC allocates a site and builds a recreation site on it, if the size of investments is less than 20 MCI, the Company carries out construction only for exits/departures.



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State investment support

Social significance of the Project

The Project meets social significance criteria as defined by Appendix №9 to Minister of the National Economy Order № 157 dated 22 December 2014 *On Several Concession Project Planning and Realisation Issues*

State support of Concessionaire activities

The following types of state support are provided under article 14 of the Concessions Law:

- state guarantees on infrastructure bonds
- state guarantees on loans raised to finance concession projects
- transfer of exclusive rights to intellectual property belonging to the state to the Concessionaire
- field grants in accordance with Kazakhstan law (under the Project, the State will provide land plots for temporary use free of charge)
- joint financing of concessional projects
- a guarantee of the State's purchase of a specific volume of goods (work or services) produced as part of the concession project



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Macroeconomic overview of Kazakhstan

Key facts about Kazakhstan

Key facts about Kazakhstan



The Republic of Kazakhstan proclaims itself as a democratic, secular, legal and social state whose highest values are a person, his life, rights, and freedoms.



Population: 18.4 million people
(January 2019)



Area: 2.7 million km²



Capital: Nur-Sultan



Currency: Tenge (KZT)



Unemployment rate: 4.9%



Official languages: Kazakh, Russian

Geopolitical environment



The territory of Kazakhstan connects Europe with the Asia-Pacific region. The uniqueness of such a geographical position is not only in the fact that transport and communication lines connecting West and East pass through Kazakhstan, but also in the need to pursue a balanced foreign policy towards countries of different world cultures and ideologies, guided by the interests of national and collective security.

In order to strengthen stability in the region and to develop international cooperation, Kazakhstan proposed or supported a number of initiatives to create regional unions of states. The most productive of them are the Conference on Interaction and Confidence-Building Measures in Asia (CICA), the Eurasian Union (EAU), the Customs Union (CU), the Organization for Economic Cooperation (ECO) and the Shanghai Cooperation Organization (SCO).

The closest neighbors of Kazakhstan are Russia, China and the Islamic states of Central Asia.

In 2015, Kazakhstan joined the World Trade Organization as its 162nd member.

“Western Europe - Western China” is a transnational infrastructure project and transport corridor, which is designed to strengthen ties between Europe and Asia. The highway will have a total length of 8,445 km, including 2,787 km on the territory of Kazakhstan. Construction began in 2008.



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Macroeconomic overview of Kazakhstan

Investment climate of Kazakhstan



Doing Business Ranking (Ease of Doing Business) 2019*

Country	Doing Business Rank	Position change since 2010
New Zealand	1	-
Singapore	2	-
Denmark	3	-
...
Austria	26	↓ -4
Thailand	27	↓ -1
Kazakhstan	28	↑ +8
Rwanda	29	↑ +12
Spain	30	↓ -2
Russia	31	↑ +4
...
Uzbekistan	76	↓ -2
...
Kyrgyzstan	70	↑ +7

* For the period from June 2, 2017 till May 1, 2018
Source: World Bank
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Kazakhstan's ranking by ease of doing business 2019

36	Starting a Business	1	Protecting Minority Investors
18	Registering Property	4	Enforcing Contracts
60	Getting a loan	56	Paying Taxes

According to the annual assessment of the ease of doing business conducted by the World Bank Group, for the third year in a row, Kazakhstan has taken one of the leading positions in the Europe and Central Asia region in terms of the number of reforms aimed at simplifying business.

From June 2, 2017 to May 1, 2018, 128 countries implemented a record 314 reforms that improved the business climate. Almost one third of all the reforms registered during 2017–18 were implemented in two areas - the creation of enterprises and the enforcement of contracts.

In the global ranking of Doing Business 2019, Kazakhstan ranks 28th. In the period from June 2, 2017 to May 1, 2018, analyzed by the study "Doing Business", the country carried out three reforms in three areas:

- launching a business;
- cross-border trade;
- enforcement of contracts.

In the area of "Protecting Minority Investors", Kazakhstan is the leader among all 190 countries, evaluated by the "Doing Business" report, and in the "Enforcement of Contracts" field, it ranks 4th.

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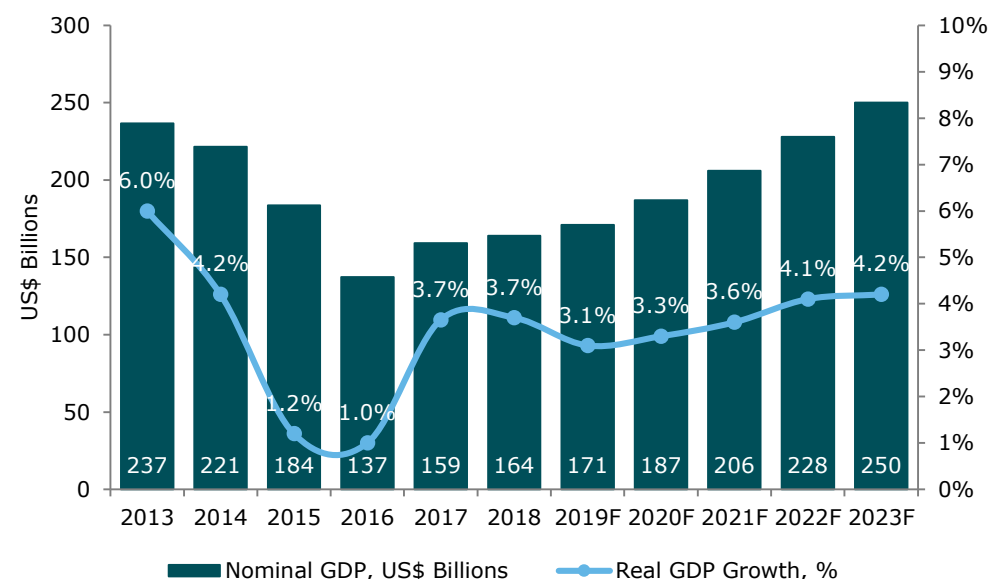


Macroeconomic overview of Kazakhstan

A brief overview of key macroeconomic indicators of Kazakhstan



Dynamics and forecast of nominal GDP of Kazakhstan

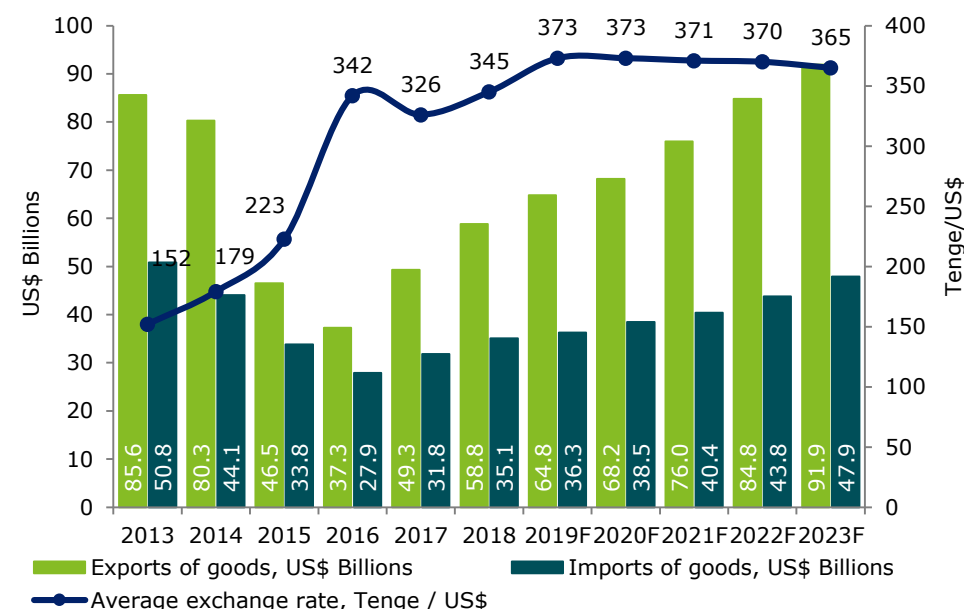


Since independence, Kazakhstan has experienced stable economic growth and an influx of foreign investment. This was facilitated by the state-led policy to modernize the structure of the economy, diversify and ensure its competitiveness, coupled with a favorable investment climate.

The slowdown in GDP growth during 2015-2016 was due to the fall in oil prices, as well as the devaluation of the tenge and the transition to a floating exchange rate.

Oil exports are the main component of Kazakhstan's GDP. The increase in oil prices in 2017 made it possible to raise the GDP growth rate to 3.7%. Since 2017, GDP is growing, and the country is emerging from a prolonged crisis. Over the next 5 years, an annual increase in exports by an average of 32.5% is expected. From 2019, the growth in exports together with the anticipated increase in oil prices is expected to contribute to the recovery of Kazakhstan's real GDP growth.

Dynamics of exports and imports of goods



The decline in exports during 2015-2016 was due to the sharp drop in oil prices in 2015, as well as the volatility of the tenge exchange rate against the US dollar.

Due to the devaluation, an increase in revenues to the state budget is expected from the export of raw materials sold in US dollars (an annual increase in exports by an average of 8% is expected during 2019-2022). The new exchange rate will help balance the trade balance - the development of export sectors of the economy will be gradually stimulated, and consumer sectors, mainly related to imported goods (cars, household appliances, etc.), will be under pressure. It is expected that the devaluation will contribute to the development of domestic production in the light and food industries, as imported analogues will become more expensive.

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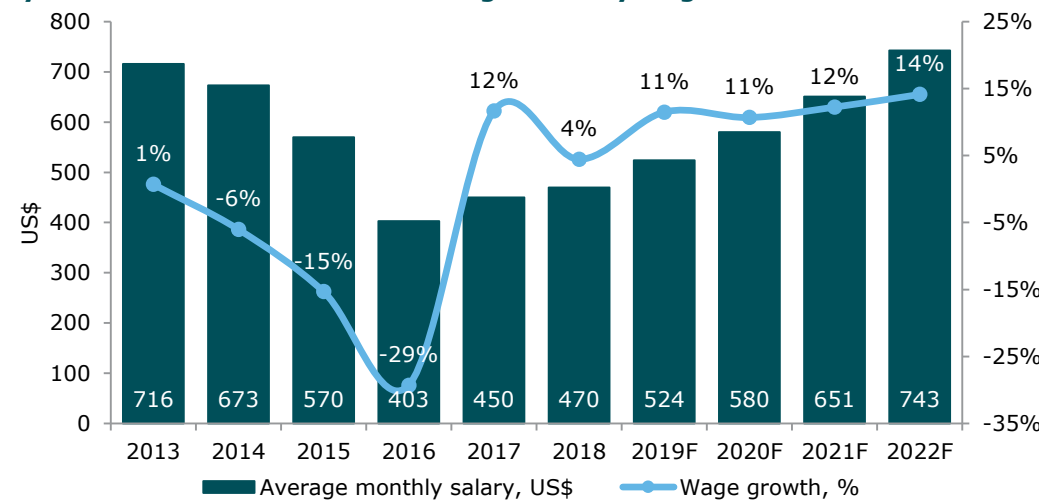


Macroeconomic overview of Kazakhstan

A brief overview of key macroeconomic indicators of Kazakhstan



Dynamics and forecast of the average monthly wage in Kazakhstan

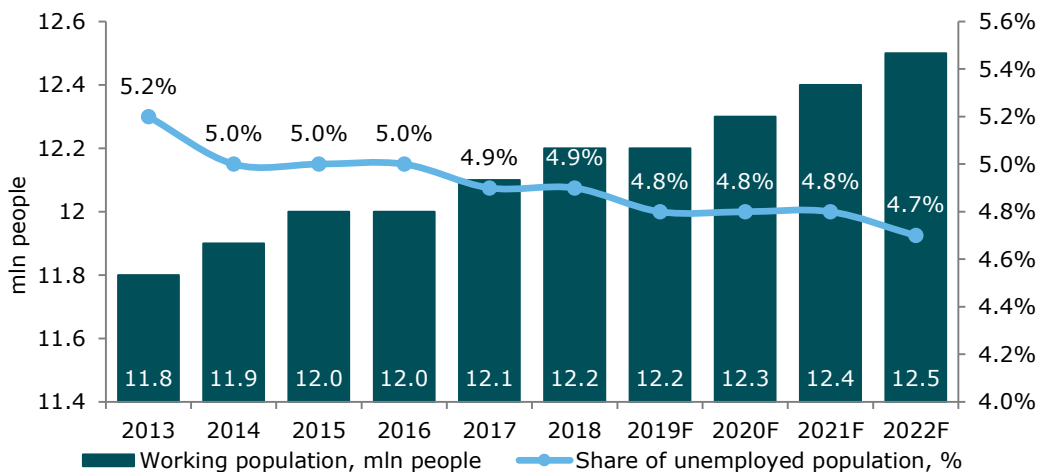


According to the EIU, the average monthly salary in Kazakhstan in 2018 was US\$ 470, which is 4% higher than the previous year. According to the EIU forecast, in 2019 the average salary of the population of Kazakhstan will grow by 11% (about \$ 524 per month), and will continue to grow at a more accelerated rate of 12% per year (CAGR 2019-2022). During 2013-2016, Kazakhstan experienced an increase in the working-age population due to an increase in the population as a whole.

In 2017, the working population number decreased slightly, which is explained by the general decline in the birth rate in Kazakhstan in the late 1990s – early 2000s, due to the socio-economic crisis, rising unemployment and emigration of the population.

It is expected that in the medium term, the working population will grow at a slower pace. Growth of the working population and an increase in average wages are expected to contribute consumption.

Dynamics of the labor market in Kazakhstan



Inflation of the Republic of Kazakhstan, %

Indicator	2015	2016	2017	2018	2019F	2020F	2021F	2022F	2023F
Consumer prices	6.7	14.4	7.4	6.2	7.2	6.3	6.4	4.2	3.7
Industrial prices	-20.5	16.8	15.3	19.7	17.5	5.2	4.7	8.6	3.9

The weighted average inflation (consumer price index) in 2018 was 6.2%. According to GI forecasts, in 2018, it will be established at a level of 7.2%. GI analysts note that producer volatility is more dependent on the price of oil and metals. Thus, the increase in oil prices led to a significant increase in producer price growth during 2016-2017.

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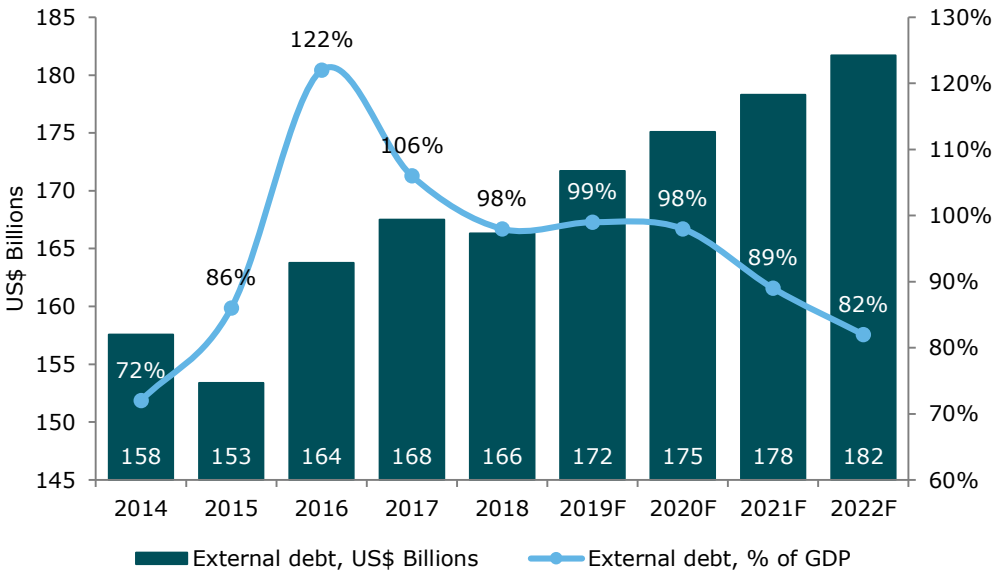
Macroeconomic overview of Kazakhstan

A brief overview of key macroeconomic indicators of Kazakhstan

History of the credit rating of Kazakhstan in foreign currency on an international scale, at the end of the year

Rating agency	2015	2016	2017	2018
Standard & Poor's	BBB (negative)	BBB- (negative)	BBB- (stable)	BBB- (stable)
Moody's	Baa2 (stable)	Baa3 (negative)	Baa3 (stable)	Baa3 (stable)
Fitch	BBB+ (stable)	BBB (stable)	BBB (stable)	BBB (stable)

Historical and forecast indicators of external debt of Kazakhstan



Source: Global Insight
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In September 2018, Standard & Poor's ("S&P") agency confirmed the sovereign credit rating of Kazakhstan at a level of BBB- the outlook is stable. According to S&P, the key factors supporting the rating of Kazakhstan are the presence of balance sheet indicators, formed due to additional revenues to the National Fund of the Republic of Kazakhstan, as well as low public debt. According to S&P forecasts, the new tax code will also allow for increased budget revenues. In addition, it was noted that, according to forecasts, the economic growth rate during 2018-2021 will amount to an average of 3% against the background of increased public investment and increased exports due to the slight improvement in the forecast of oil prices and increased production at the Kashagan field.

In October 2018, the rating agency Moody's confirmed the credit rating at a level of "Baa3", the forecast is "stable". This rating maintains a low level of public debt, a high ability to attract borrowed funds, substantial fiscal reserves in the form of assets in foreign currency, which provide a buffer for responding to possible economic shocks and covering potential risks. According to analysts, with the growth of production in the manufacturing industry since the beginning of 2017, a more balanced growth of the oil and non-oil economy has been observed.

In September 2018, the international rating agency Fitch confirmed the sovereign credit rating at a level of BBB, the outlook is stable. A key factor supporting the rating of Kazakhstan is strong state and external balance sheets, which are supported by significant government savings and substantial net foreign assets of the state. Monetary policy has strengthened the processes of lowering inflation and inflation expectations. Fitch analysts note that the National Bank of Kazakhstan has improved the regulatory system, monitoring mechanisms and continues to clean up the banking sector. One of the important factors in determining the rating is the issuer's default risk on its obligations. During the period 2014-2018, Kazakhstan's external debt level averaged 97% of GDP.



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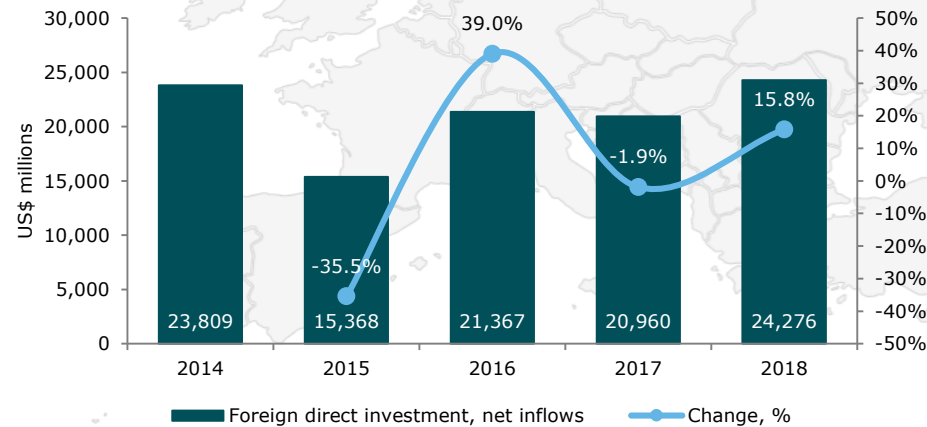
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Macroeconomic overview of Kazakhstan

A brief overview of key macroeconomic indicators of Kazakhstan

Foreign Direct Investment (FDI) in Kazakhstan



In 2018, FDI in Kazakhstan amounted to US\$ 24.3 billion. Over the past five years, FDI has been unsustainable, declining in 2017 after a significant increase in 2016. The increase in FDI in 2016 was mainly due to the increase in investment in the country's mining sector and the launch of the Kashagan field.

One of the reasons for the decline in FDI in 2017 was a significant reduction in investment from the Netherlands, which is traditionally one of Kazakhstan's main investors. Net investment from the Netherlands decreased from US\$ 4.4 billion in 2016 to US\$ 0.3 billion in 2017.

The total investment in the energy sector declined during the period with a negative balance of net inflows. There are two reasons for this: an undeveloped infrastructure and a low level of management. To solve this problem, the government has developed a long-term investment strategy, including upgrading infrastructure, launching privatization programs, intergovernmental initiatives with China and a focus on developing renewable energy sources.

Source: National Bank of the Republic of Kazakhstan, World Bank
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Summary

The economic crisis that began in 2014 had a negative impact on the economy of Kazakhstan. Due to the fall in world oil prices, during 2015-2016 there was a significant slowdown in the growth rate of the country's real GDP, as well as a decline in exports and real incomes of the population. In 2017, there was a recovery in the country's macroeconomic indicators, which was associated with the rise in prices for oil and minerals.

Subject to the restoration of oil prices to the level of 60-70 dollars per barrel, Kazakhstan's economy is expected to return to growth in the medium term. According to GI forecasts, the growth rate of real GDP in Kazakhstan during 2019-2023 will be in the range of 3.1-4.2% per year, with a concomitant recovery in consumer demand and other macroeconomic indicators.

The reason for the high dependence of the Kazakhstan economy on the income of the oil and gas industry is due to the lack of diversification in the Kazakhstan economy. According to OECD estimates, about 80% of foreign direct investment in Kazakhstan is in the oil and gas industry. To strengthen the economy it is necessary to develop production in various industries. In this regard, the state conducts a number of support programs for business development and investment attraction.



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Implementation of motorway services

Market, economic and social assumptions of the Project

1

Growing demand for vehicles

For the past 10 years, the number of vehicles in the country increased annually by 5% on average. As forecasted, the vehicle fleet will increase from 4.3 million cars in 2018 to 10 million cars in 2045-2050. Passenger and cargo traffics by road also increased in the country. The average annual growth of the figures over the past 5 years was 2.6% and 2.05%, respectively.

2

Transit potential

The territory of Kazakhstan is becoming more attractive for cargo transit between the East and the West. The growth in transit by road over the past year was 223%. Implementation of the Project will help derive the greatest benefit from transit flows and provide the transport infrastructure of the highest quality. The Project also provides for the installation of gas stations as part of the Belt and Road Initiative (BRI) project. To keep such growth rates at the same level it is required to provide high service for transit flows on the country's roads.

3

Increasing demand for services

After the Western Europe - Western China International Transport Corridor will be commissioned, the increase in road traffic will result in high demand for services directly on the route. According to Strategy Partnership experts, cargo transit through the country is expected to increase up to 36 million tonnes by 2020 with a subsequent increase up to 50 million tonnes per year.

4

Extensive customer base

Motorway service facilities of various categories will be located along all major road sections in Kazakhstan, covering also adjacent road sections to foreign countries. It's worth noting that cargo transportation by land accounts for 30%. In 2018, passenger traffic by land accounted for 88%. In this case, land traffic doesn't imply rail transport.



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Implementation of motorway services

Kazakhstan's vehicle fleet



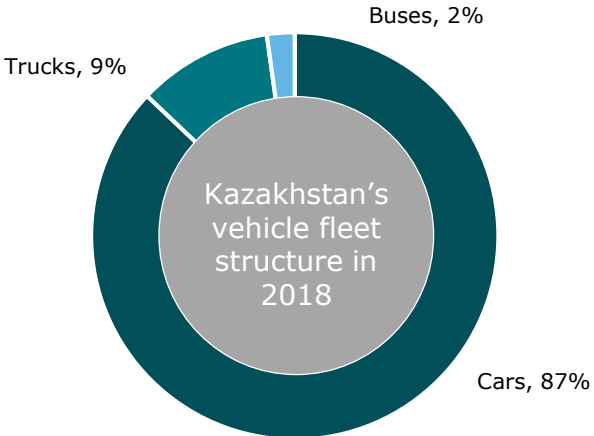
Kazakhstan's vehicle fleet

In 2018, 4.3 million vehicles were registered in Kazakhstan, of which 3.7 million were cars, 390 thousand - trucks, 87 thousand - buses, 87 thousand - other vehicles.

The number of vehicles is growing unevenly, but demonstrates a steady growth over the past 10 years. The average annual growth rate was 5.2% since 2008. This growth is mainly attributed to an increase in the number of cars.

The number of vehicles owned by Kazakhstan population is relatively low and lags behind the countries with the same GDP per capita. The population motorization rate in Russia, Belarus and Eastern Europe is higher than in Kazakhstan by 30%, 60% and 75%, respectively.

The growth in the number of vehicles in Kazakhstan is expected to continue in the long term and will reach its maximum of 10 million vehicles by 2045-2050 or about 450 vehicles per 1,000 citizens.

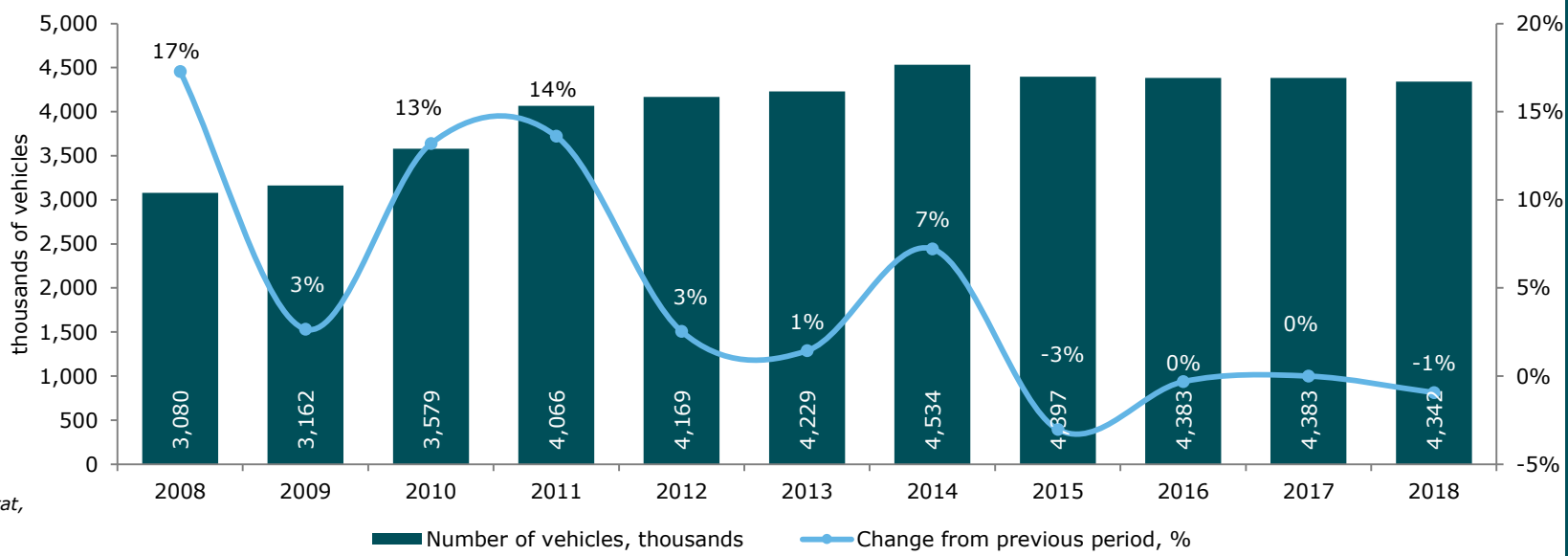


Provision of the population with vehicles in some countries of the world, vehicles per 1,000 residents

Country	Number of vehicles	Difference vs. Kazakhstan
Kazakhstan	226	-
Russia	293	30%
Belarus	362	60%
Eastern Europe	396	75%
European Union	587	160%
USA	797	250%

Source: Kazakhstan Statistics Committee, EuroStat, www.nationmaster.com

Changes in Kazakhstan's vehicle fleet including cars, trucks and buses



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Implementation of motorway services

Passenger transportation by road in Kazakhstan



Passenger transportation by road in Kazakhstan

Vehicles are the main means of passenger transportation in Kazakhstan. More than 99% of passengers were transported by road. Buses and taxis take the leading position among road transport.

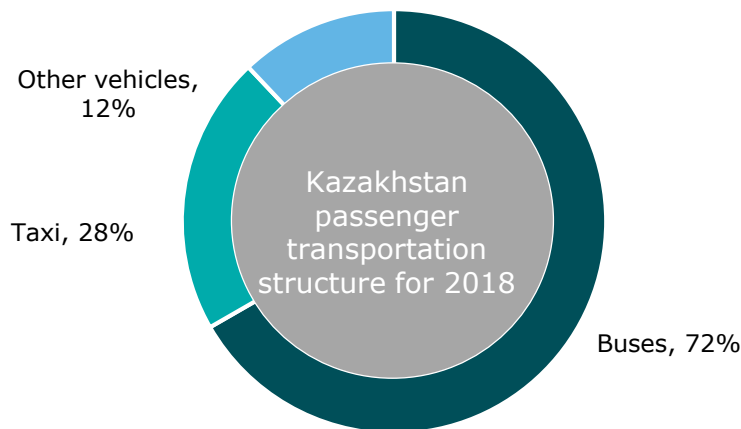
The average annual growth in the number of passengers transported by road amounted to 1.6% for the past 5 years.

Passenger turnover expressed in passenger-kilometre ("pkm") rose by 3.3% per year on average.

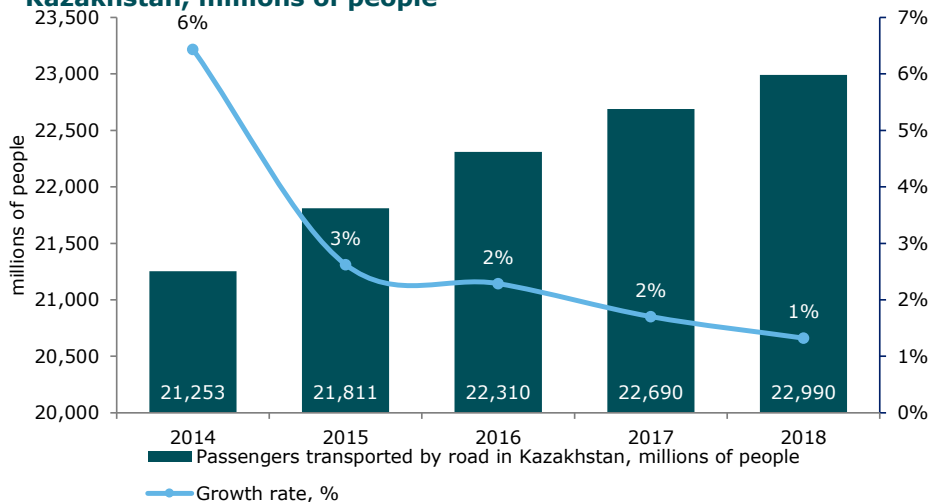
The road transport in passenger turnover accounts for 87-88%.

The average distance travelled by road has increased from 10.1 km in 2014 to 10.7 km in 2018.

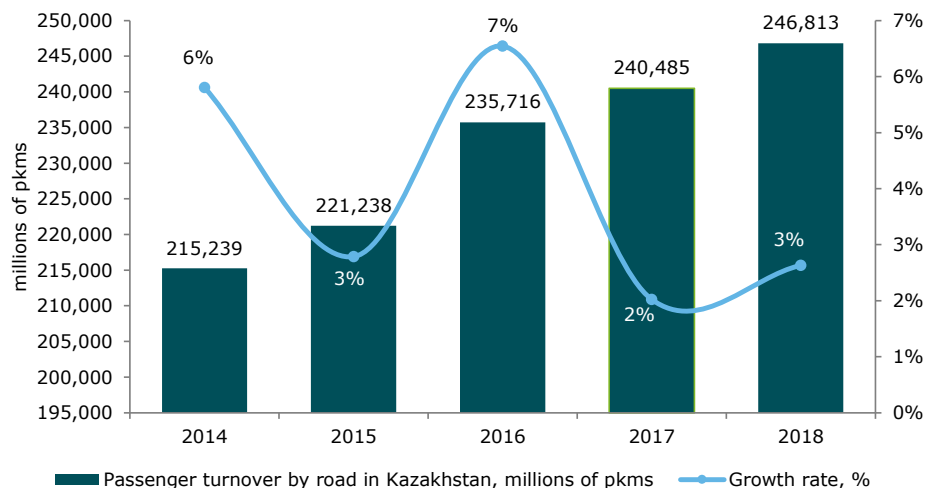
Kazakhstan passenger transportation structure for 2018



Changes in the number of passengers transported by road in Kazakhstan, millions of people



Changes in the passenger turnover by road in Kazakhstan, millions of pkms



Source: Kazakhstan Statistics Committee
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Implementation of motorway services

Cargo transportation by road in Kazakhstan



Cargo transportation by road in Kazakhstan

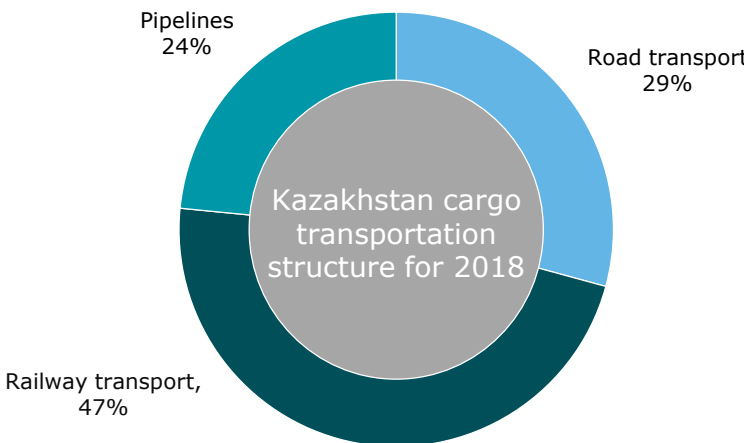
Vehicles are an important means of cargo transportation across Kazakhstan. About 85% of cargo is transported by road. By the distance of cargo transportation (cargo turnover expressed in tonne-kilometres ("tkm"), the vehicle takes the second place and accounts for a third of cargo turnover.

The average annual growth rate of cargo transportation by road in Kazakhstan amounted to 1.8% for 2014-2018, and the average annual growth rate of cargo transportation by other means of transport was 3.62% in the same period.

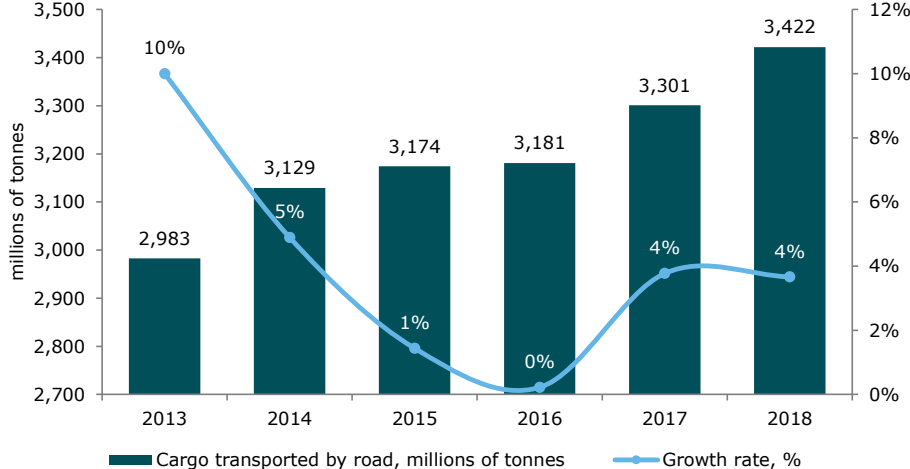
The average annual growth rate of cargo transportation by road in Kazakhstan over the past five years was 2.2%, and the average annual growth rate of total cargo turnover was 2.4%. The lag in productivity of road transport is explained by much higher growth rates of cargo transportation by rail.

The average distance of cargo transported by road has increased from 50 km in 2014 to 50.5 km in 2018.

Kazakhstan cargo transportation structure for 2018



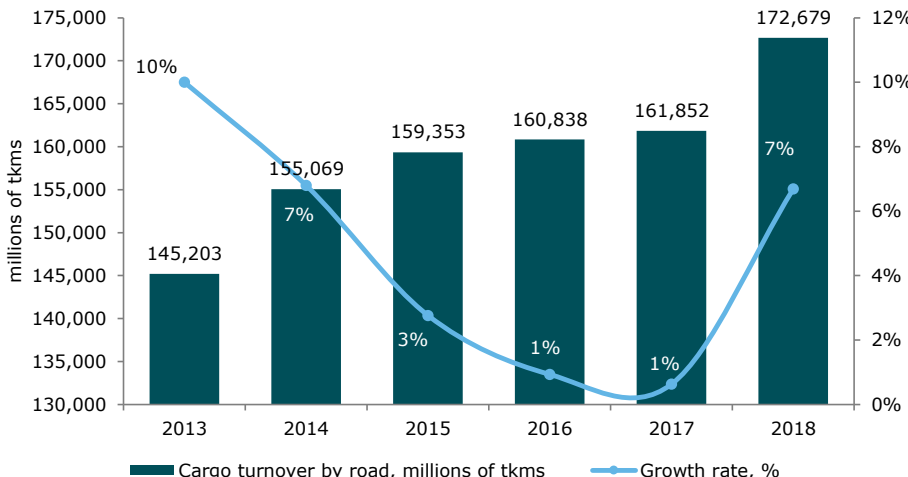
Changes in cargo transportation by road in Kazakhstan, millions of tonnes



Source: Kazakhstan Statistics Committee

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Changes in cargo turnover by road in Kazakhstan, millions of tkms



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Implementation of motorway services

Revenues from transportation activities



Revenues from transportation activities

Amid the growth of work performed, revenues from transportation activities in US\$ terms are falling due to the tenge devaluation. In 2017, the general trend of falling profitability from transportation activities stopped, and the revenue growth rate was 11%. Revenues from road transport activities were less volatile due to the flexibility of tariffs for road transportation. The growing share of revenues from road transport activities is noticeable in the total structure of revenues from all transportation activities.

Revenues from main types of road transport activities repeat the dynamics of revenues from road transport activities in general.

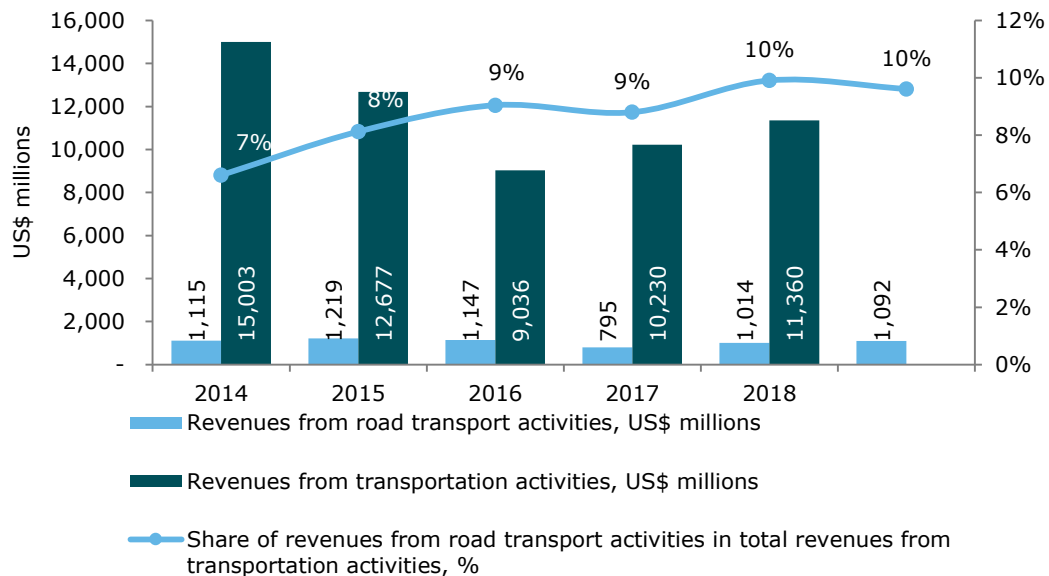
After the decline in revenues registered in 2015-2016, revenues from cargo transportation by road and bus transportation demonstrated growth in 2017 and 2018.

Nomenclature of cargo transported by road

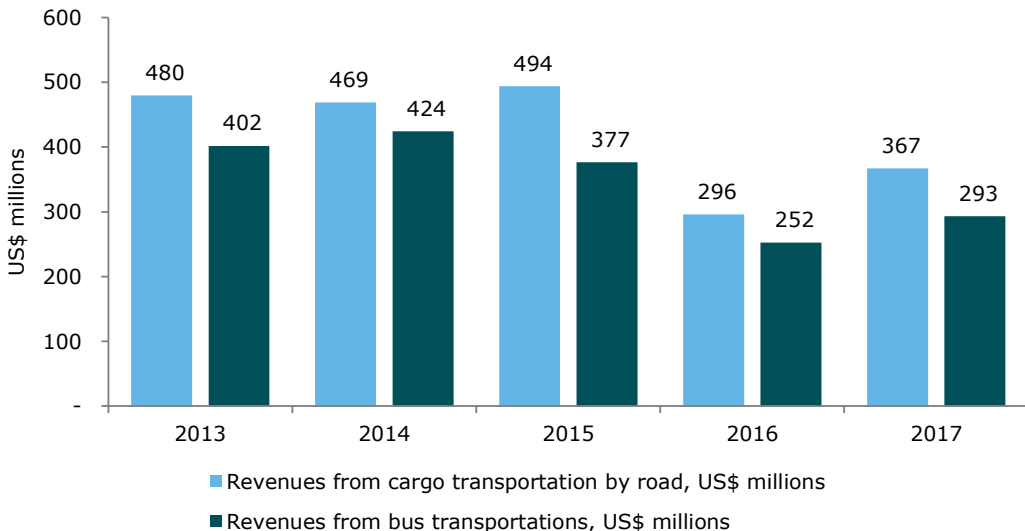
The road transport is characterized by its ability to transport almost all types of cargo. Coal, construction materials, ferrous and non-ferrous metals and crude oil in physical terms are transported the most by road in Kazakhstan.

Furthermore, 6 million tonnes of dangerous goods and 280,000 tonnes of container cargo were transported by road in 2018.

Changes in revenues from transportation activities including by road, US\$ millions



Changes in revenues from main types of transportation activities by road, US\$ millions



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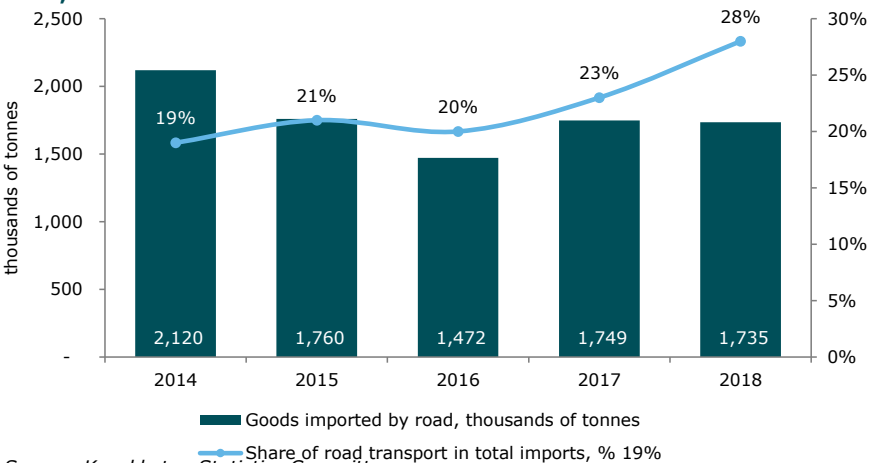
Role of vehicles in trade activities

Role of road transport in foreign trade

The road transport plays an insignificant role in exports of goods from Kazakhstan to countries outside the EEU. Not more than 2% of goods in value or in kind were exported from the country by road. This is explained by Kazakhstan export structure, where the most of goods is "bulk" and their transportation is more reasonable by rail, pipeline or sea, and by the vast geographical distance of the main sales markets from Kazakhstan.

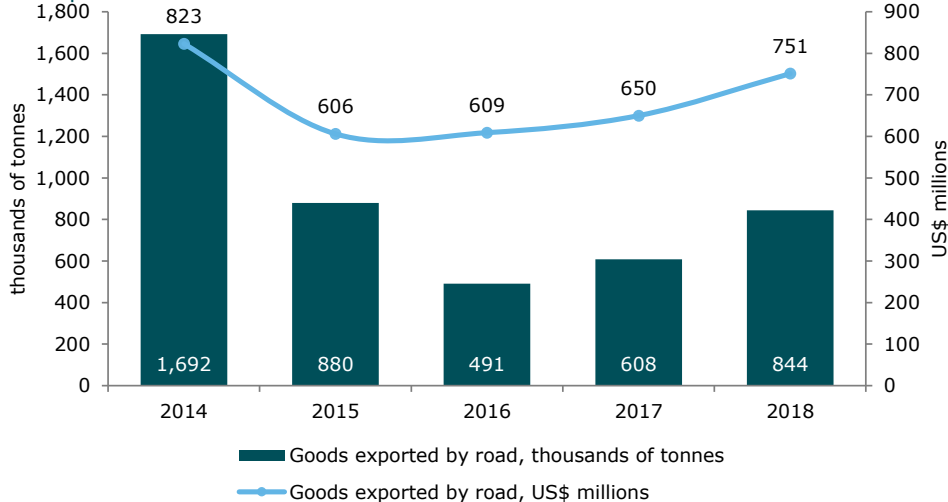
However, it is worth noting that road transport is used to transport more expensive goods. For example, the average price per 1 tonne of export cargo transported by road is US\$ 890, while the average export price per 1 tonne as a whole is US\$ 537. The NVG refill station and LNG fuel station provided for in the framework of the Project will help to reduce transportation costs and increase cargo flow. The role of road transport is much higher for goods import. In 2018, 28% of goods were imported to Kazakhstan by road in physical terms and 39% in value terms. Road transport is characterized by the growing role in the import of goods to Kazakhstan.

Imports to Kazakhstan by road from countries outside the EEU in kind, thousands of tonnes

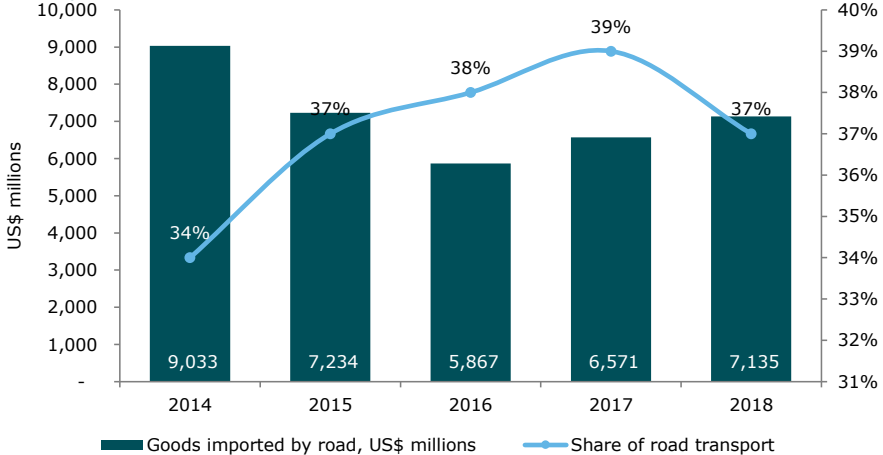


Source: Kazakhstan Statistics Committee
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Exports from Kazakhstan by road to countries outside the EEU, US\$ millions



Imports to Kazakhstan by road from countries outside the EEU, US\$ millions



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Implementation of motorway services

Cargo transit through Kazakhstan (1/2)

Trade between Europe and Asia

Sea cargo traffic

Goods from China and Asia are transported by sea through the Strait of Malacca and the Suez Canal or bypassing Africa. The major portion of trade turnover between Europe and Asia accounts for the sea. This means of cargo transportation is the cheapest, but also the slowest. The transit of cargoes from China to Europe takes about 40-45 days.

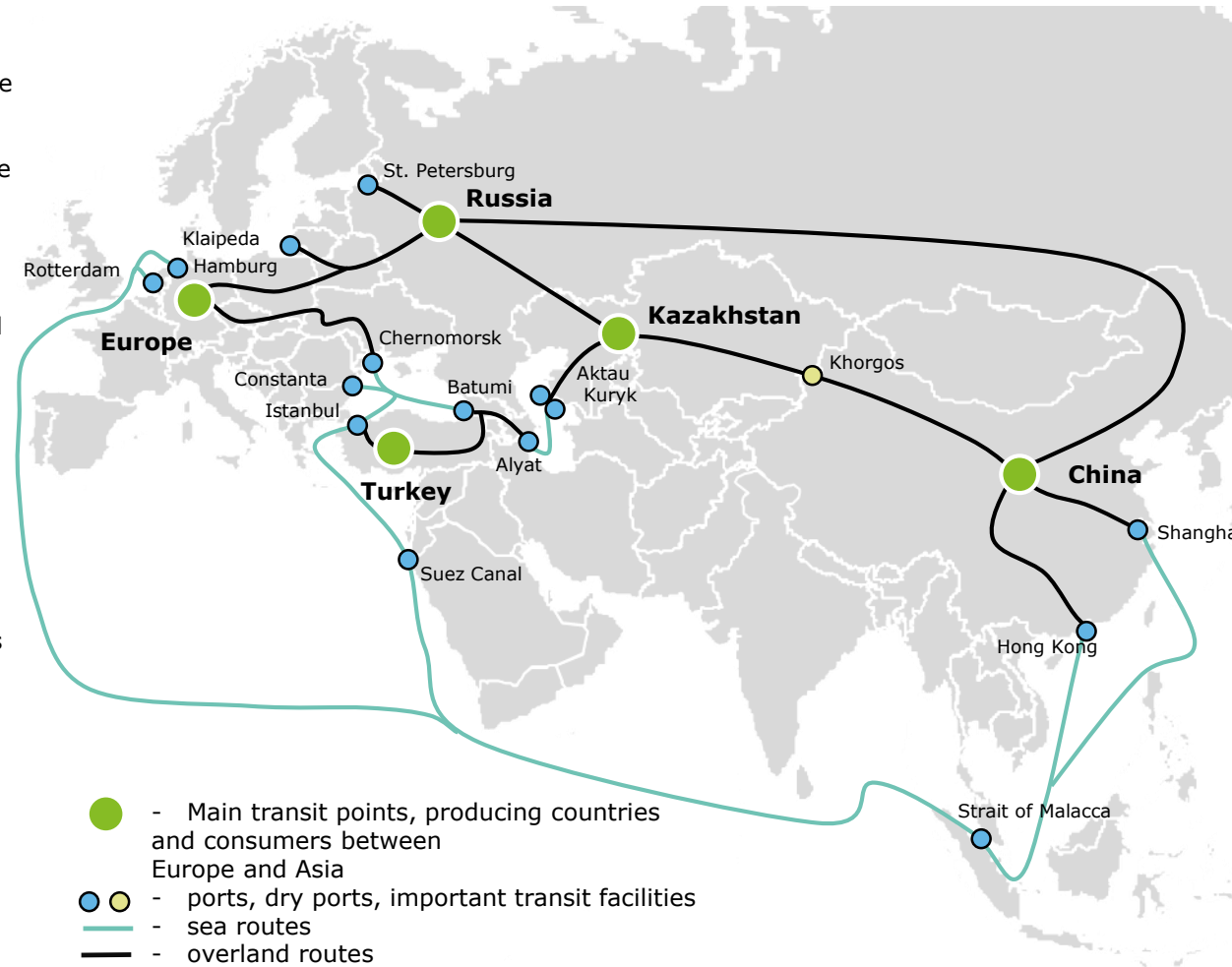
Land cargo traffic

This means of transportation implies cargo transportation by rail and road through Russia (the Trans-Siberian Railway) and Kazakhstan. This transportation method is the fastest (7-10 days), but also more expensive (US\$ 8 thousand per 1 tonne vs. US\$ 3 thousand by sea).

Main problems of land routes

Land routes have a number of problems that need to be addressed before this means of transport becomes the main method of cargo transportation from Asia to Europe:

- underdevelopment of transport and logistics infrastructure in some countries and route sections;
- different wheel tracking of railway systems in the countries included in the route;
- the need to cross multiple borders with different customs procedures and tariffs;
- the need to change the modality (car-ferry-car);
- "bottlenecks" and traffic jams in some sections of the route.



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Implementation of motorway services

Transit through Kazakhstan (2/2)

Transit through Kazakhstan

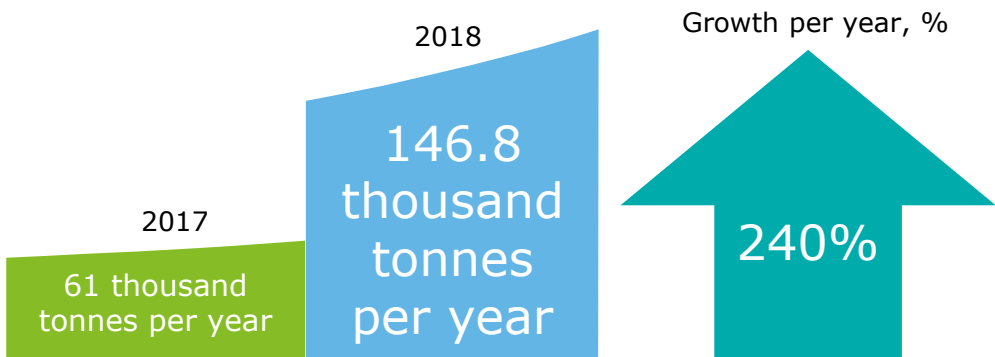
With a strategically advantageous geographical location at the junction of two parts of the world - Europe and Asia - Kazakhstan has a high transit potential.

Transit through Kazakhstan has a number of following advantages:

- favourable investment climate and stable political situation in the country;
- the EEU made it possible to create a single customs zone between China and the EU countries, which facilitates customs clearance procedures;
- reduced distance between producers and consumers in the countries of Asia and Europe and cargo transportation time.

Goods from China are transported to Europe through such stations as Khorgos and Dostyk, through the central and southern regions of Kazakhstan to the Shalkar Station. Further, the goods are transported to the north through Russia and Belarus, or to the south through the ports of Aktau and Kuryk to Iran, then through Azerbaijan and Georgia to Turkey, or through the network of Russian channels to the Black Sea.

Cargo transit through Kazakhstan by road



Growth of main trade flows

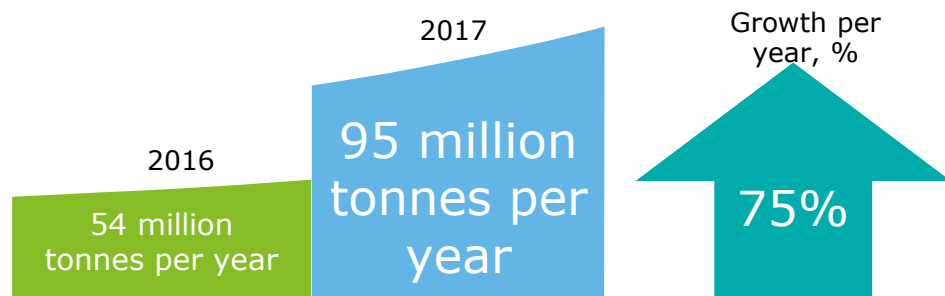
According to experts from Strategy Partnership, the volume of foreign trade between China and the European Union will increase from US\$ 647 billion in 2016 to US\$ 781 billion in 2020 (by 21%). Furthermore, according to forecasts, the trade turnover between Russia and China will almost double by 2020 (from US\$ 84 billion in 2016 to US\$ 155 billion in 2020).

The dynamic development of China's western regions and convenient export of products from these regions by road to avoid an additional load on the port infrastructure of eastern China, virtually guarantees the growth of transit through Kazakhstan. According to experts, mainly food and minerals will be transported in the opposite direction - from Russia and Kazakhstan to China.

Cargo transit

Transit of cargo through Kazakhstan is already growing at a dynamic pace. The main means of cargo transit through Kazakhstan is pipeline, with the increasing share of railway transport. Road transport does not yet play a significant role in cargo transit, however, transit by road has demonstrated a significant growth.

Cargo transit through Kazakhstan by all means of transport (cargo turnover)



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Implementation of motorway services

Traffic density on roads in Kazakhstan (1/2)

Daily traffic density on some roads, where motorway service facilities are planned, 2018

Daily traffic density, vehicles												
Vehicle types	Passenger cars and minibuses	Trucks	Total	Passenger cars and minibuses	Trucks	Total	Passenger cars and minibuses	Trucks	Total	Passenger cars and minibuses	Trucks	Total
Route	Akmola Oblast + Pavlodar Oblast											
Route sections	Bypassing Nur-Sultan			Nur-Sultan-Kievka			Nur-Sultan-Schuchinsk			Nur-Sultan-Pavlodar		
Traffic density	9,441	665	10,766	7,616	1,485	10,001	5,865	644	8,726	5,617	1,002	7,096
Route sections	Nur-Sultan-Zhaksy			Kalkaman-border with Karaganda Oblast			Cherlak-Akku			Pavlodar-border with Russia		
Traffic density	6,248	1,034	6,749	2,870	127	8,641	397	37	972	311	37	879
Route	Aktobe Oblast + West-Kazakhstan Oblast											
Route sections	Border with Russia (Samara) - Shymkent			Karabutak - Komsomolskoye - Denissovka - Rudny - Kostanay			Bapassing Aktobe from the north			Aktobe-border with Russia (Orsk)		
Traffic density	6,264	228	12,664	793	44	1,042	1,076	193	1,865	4,698	368	5,530
Route sections	Aktobe-Martuk-border with Russia (Orenburg)			Chapaevo-Zhalpaktal			Uralsk-Premetnoye					
Traffic density	4,507	271	5,417	804	204	1,197	1,543	247	1,945			
Route	Atyrau Oblast											
Route sections	Aktyubinsk-border with Russia (Astrakhan)			Atyrau-Oral			Dossor-Aktau					
Traffic density	1,147	1,633	3,779	2,852	2,317	7,282	2,438	400	3,438			
Route	Almaty Oblast + East-Kazakhstan Oblast											
Route sections	Pavlodar Oblast-Maykapchagay			Burubaytal St.-Mezhdurechenskoye			Almaty-Khorgos			Almaty-Ust-Kamenogorsk		
Traffic density	1,154	368	2,086	6,012	287	6,350	4,102	981	5,411	1,630	222	2,237
Route sections	Askay-Shonzhly-Kolzhat			Saryozek-Koktal			Ust-Kamenogorsk-Shemonaikha			Ust-Kamenogorsk-Semey		
Traffic density	523	67	614	733	31	778	1,530	205	1,937	670	396	1,459
Route sections	Semey-border with Russia											
Traffic density	1,549	523	2,814									
Route	Karaganda Oblast											
Route sections	Border with Russia (Ekaterinburg)-Almaty			Kyzylorda-border with Russia			Zhezkazgan-Petropavlovsk			Nur-Sultan-Entuziast		
Traffic density	8,779	1,005	10,601	4,681	770	5,954	2,638	202	2,956	1,875	238	2,304

Source: KazAvtoZhol NC JSC

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Traffic density on roads in Kazakhstan (2/2)



Daily traffic density on some roads, where motorway service facilities are planned, 2018

Daily traffic density, vehicles												
Vehicle types	Passenger cars and minibuses	Trucks	Total	Passenger cars and minibuses	Trucks	Total	Passenger cars and minibuses	Trucks	Total	Passenger cars and minibuses	Trucks	Total
Route sections	Kalkaman-Umutker			Bastau-Temirtau								
Traffic density	1,721	194	2,051	1,929	189	2,254						
Route	Kostanay Oblast + Kyzylorda Oblast											
Route sections	Border with Russia (Ekaterinburg)-Almaty			Mamlyutka-Kostanay			Karabutak-Kostanay			Aralsk-Zhanakorgan		
Traffic density	1,929	205	2,730	1,259	289	2,216	2,169	468	3,245	2,820	1,014	5,487
Route sections	Kyzylorda-border with Russia			Kostanay-Surgan								
Traffic density	356	425	1,232	2,005	323	3,153						
Route	Mangistau Oblast											
Route sections	Dossor-Aktau Port			Zhetybay-border with Turkmenistan			Aktau-Kuryk			Kuryk-Zhetybay		
Traffic density	2,290	533	3,139	127	36	215	1,832	133	2,093	462	113	640
Route	Turkestan Oblast											
Route sections	Samara-Shymkent			Almaty-Termez			Kentau-Tortkol					
Traffic density	8,820	1,478	11,925	12,342	1,463	16,587	2,985	640	3,924			
Route	North-Kazakhstan Oblast											
Route sections	Kostanay Oblast-Akmola Oblast			Mamlyutka-Kostanay Oblast			Chelyabinsk-Novossibirsk			Nur-Sultan-Petropavlovsk		
Traffic density	663	101	851	571	100	812	1,654	206	2,127	2,406	279	3,063
Route sections	Petropavlovsk-border with Russia (Ishim)			Kokshetau-border with Russia (Ishim)			Zhezkazgan-Petropavlovsk			Kokshetau-Ruzaevka		
Traffic density	503	76	681	1,113	172	1,487	2,173	133	2,478	865	156	1,128
Route sections	Entrance to Karassay Batyr											
Traffic density	369	34	426									
Route	Dzhambul Oblast											
Route sections	Dzhambul Oblast-Zhualy											
Traffic density	3,291	1,063	5,384									

Traffic density

The traffic density on roads of national significance is uneven.

The busiest highways are P-4/A-17 (Nur-Sultan-Pavlodar), P-10 (bypassing Nur-Sultan), M-32 (Samara-Shymkent). In general, there is an increase in the traffic density in almost all sections of roads. There are significant density fluctuations in some sections, which are due to the imperfection of the traffic density accounting methodology and technology.

On average, passenger cars and minibuses account for 70-85% of total traffic flow.

The highest traffic density in 2018 was observed on the route from Nur-Sultan to Pavlodar (more than 13 thousand vehicles per day).

It's worth noting that motorway service facilities of different categories may be situated on the same section of the road.

Source: KazAvtoZhol NC JSC

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Overview of the petrol filling stations market in Kazakhstan

Petrol filling stations in Kazakhstan



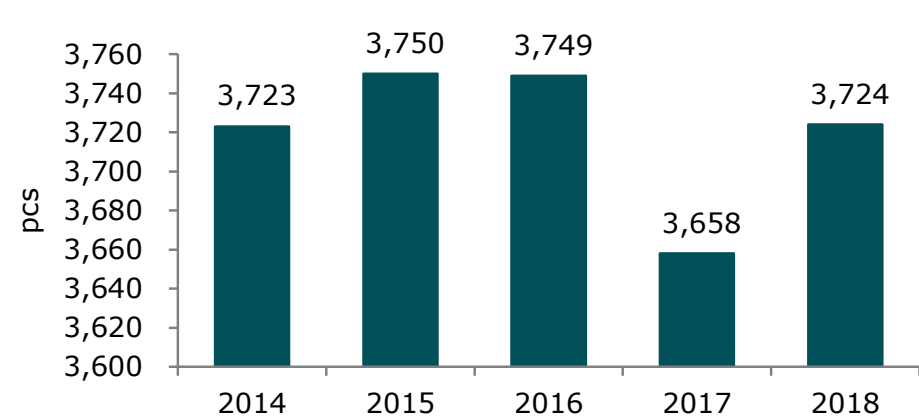
Stationary petrol filling stations in Kazakhstan

A total of 3,724 stationary petrol filling stations were registered in Kazakhstan in 2018. In 2014-2018, the number of stationary stations in Kazakhstan were increasing annually by 0.5% per year on average, except for 2016 and 2017 characterized by a decrease. The stagnation observed in recent years is partly attributed to an increase in fuel prices. However, already in 2018, their number continued to grow, increasing by 1.8%. Most stations are located in East-Kazakhstan, Almaty and Karaganda Oblasts. There are no updated data on some regions for 2018, namely Akmola, Atyrau, Mangistau, Turkestan Oblasts and the city of Almaty.

The main trend in the petrol filling stations market in Kazakhstan is the expansion of the station chain, construction of modern stations under a certain brand, sale of single stations or a small chain to a major market player and their further rebranding.

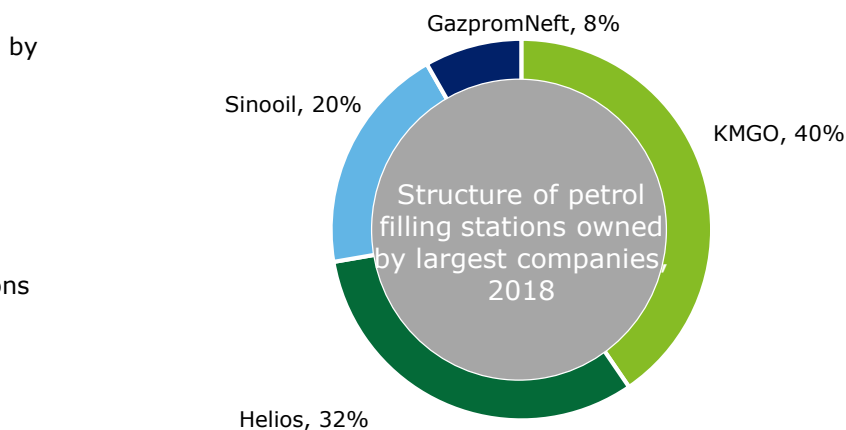
The largest petrol retailers in Kazakhstanian market are KazMunayGas Onimderi LLP, Helios LLP, Sinooil LLP and Gazpromneft-Kazakhstan LLP.

Number of stationary stations in Kazakhstan, pcs

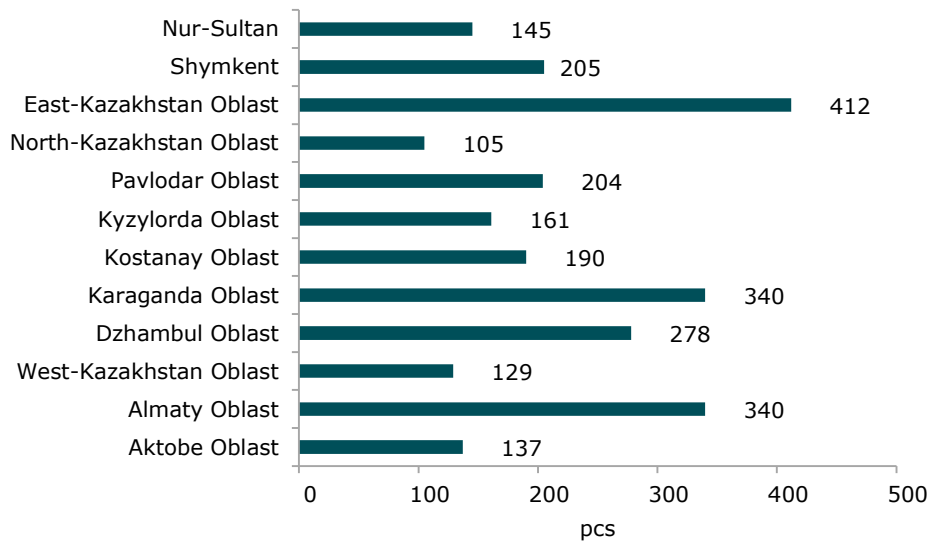


Source: Kazakhstan Statistics Committee
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Structure of petrol filling stations operated by largest companies, 2018



Number of stationary stations in regions, pcs



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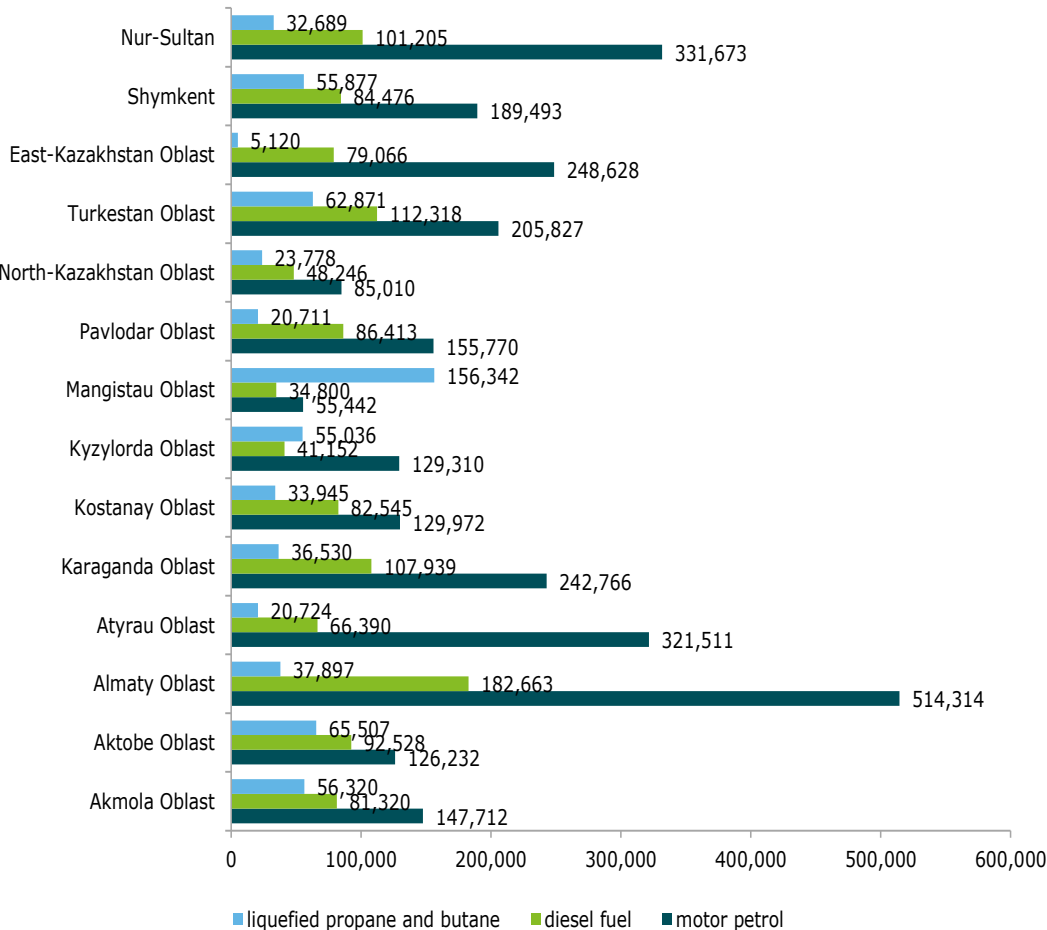


Overview of the petrol filling stations market in Kazakhstan

Retailing of petroleum products



Sales of petrol and diesel fuel in 2018 by regions, thousands of tonnes

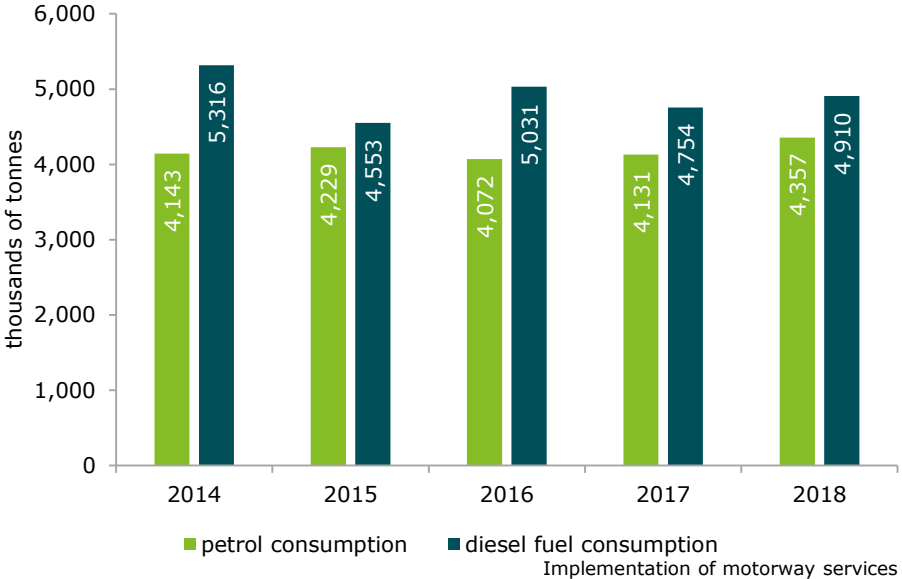


Retail market of petroleum products

In 2018, petrol filling stations sold at a retail price a total of 5,721 thousand tonnes of petrol, 1,201 thousand tonnes of diesel fuel, 693 thousand tonnes of propane and liquefied butane. As a whole, petrol filling stations sold 3,826 thousand tonnes of motor fuel in 2018. The diagram shows retail sales of petrol, diesel fuel, propane and liquefied butane by regions of Kazakhstan in 2018. Data for some regions (West-Kazakhstan and Dzhambul Oblasts, the city of Almaty) were not provided in full and, therefore, were not presented in the diagram.

In recent years, there is an uneven trend in the consumption of petroleum products in Kazakhstan. In 2014-2018, the average annual rate of decline in diesel fuel consumption was 1.6%, while petrol consumption rose by 1% per year. This trend is attributed to an increase in automotive fuel prices and a shortfall in petrol. Please see the petroleum products consumption structure of Kazakhstan below.

Petroleum products consumption structure, thousands of tonnes



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Overview of the petrol filling stations market in Kazakhstan

Potential competitors

Potential competitors

KazMunaiGas Onimderi LLP ("KMGO")

KMGO is a 100% subsidiary of KazMunaiGas ("KMG"). KMGO currently operates a chain of 343 petrol filling stations, 3 petrol and gas filling stations, 12 gas filling stations, 11 petroleum storage depots and a number of related business facilities: minimarts, car washes, repair shops, office premises and cafes. Being supported by KMG, KMGO enjoys a stable supply of petroleum products from Atyrau Refinery and Pavlodar Refinery, sells these petroleum products and imports petrol from Russia.

Sinooil LLP

Sinoil LLP was founded on 14 November 2002 and now is one of the leading players in Kazakhstani wholesale and retail market of petroleum products. The Company operates 165 petrol filling stations, 3 petroleum storage depots and is actively investing in the development of a chain of petrol filling stations. In 2011-2015, the number of own petrol filling stations was annually increasing by an average of 9 stations. Furthermore, Sinoil LLP has a wide chain of warehouses equipped with tanks and storage tanks for fuels and lubricants, equipment and facilities necessary to sell the products.

Note: there are no gas stations for the type of NVG refill station and LNG fuel station on intercity routes

Helios LLP

Helios LLP has been operating in Kazakhstani market since 1999 and operates 270 petrol filling stations in 67 settlements of Kazakhstan. The Company sells petroleum products from three Kazakhstan refineries, and petrol imported from Russia, Belarus and Finland.

Gazpromneft-Kazakhstan LLP

At present, the Company is one of the promising sales enterprises and the official dealer of Gazprom Neft PJSC in Kazakhstan. The Company operates a chain of 70 petrol filling stations under Gazpromneft brand and 10 regional representative offices. The enterprise provides wholesale and retail sales of petroleum products produced by Omsk Refinery. The company strategic plan suggests the reconstruction and construction of petrol filling stations, their upgrading into new generation stations, which will sell all types of petrol.

The largest petrol retailers in Kazakhstani market are KazMunayGas Onimderi LLP, Helios LLP, Sinoil LLP and Gazpromneft-Kazakhstan LLP. Please see a brief description of the above companies below.



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Main assumptions

The Project will be implemented in two stages.

Stage one is the construction period, stipulating the construction of production facilities, and the purchase and installation of equipment. The construction period will take 1 year for facilities of each category. Facilities of categories A and B will be built in Year 1, category C - Year 3, category D - Year 4.

Stage two is the motorway service operation period. Therefore, facilities of categories A and B will start operating from Year 2, category C - from Year 4, categories D - from Year 5.

The forecast period is 24 years. Year 25 is the post-forecast period.

All cash flows were expressed in nominal terms (i.e. inclusive of inflation) in US\$, less VAT.

The main source of income for facilities of categories A, B and D is from petrol filling stations, category C - from parking services.

Depending on the category, EBITDA varies within the following ranges:

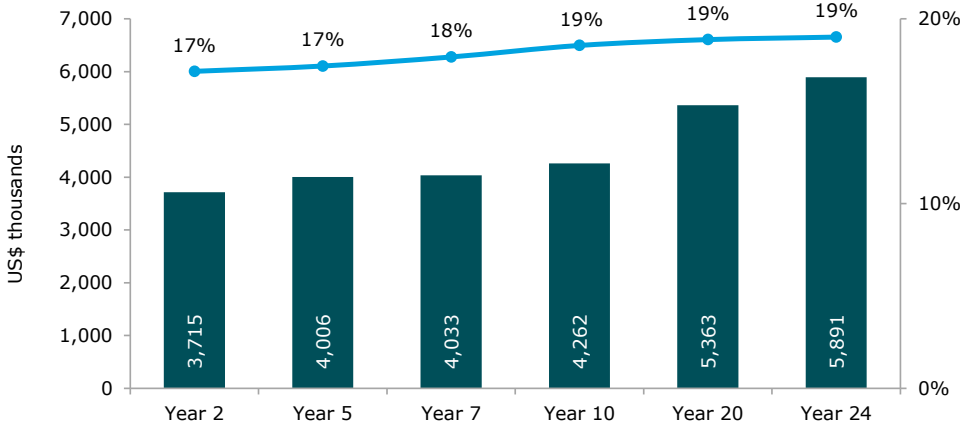
- categories A and B: 17-19%;
- Category C: 78-81%;
- Category D: 12-13%.

The WACC is calculated using a CAPM and amounts to 14.4%.

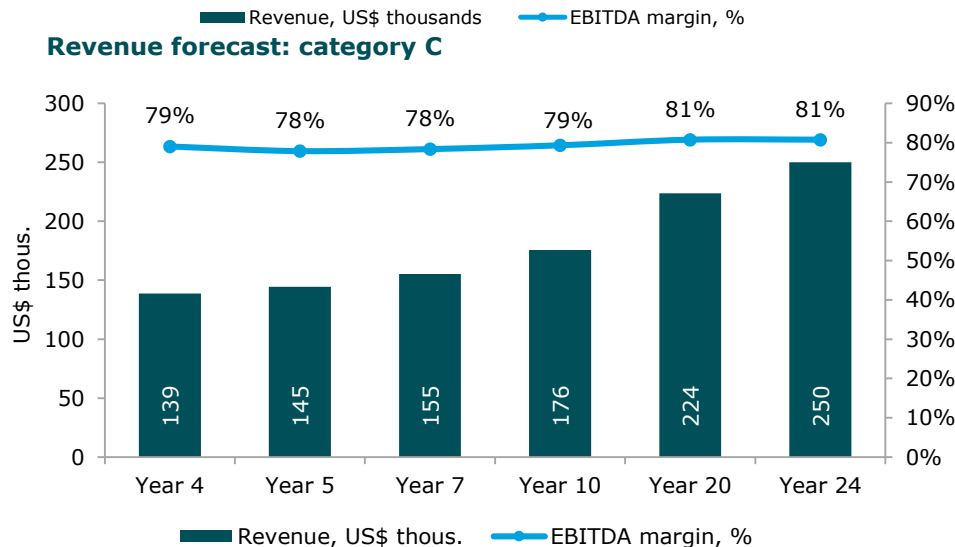
Source: Deloitte analysis

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Revenue forecast: categories A and B



Revenue forecast: category C



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Main assumptions

Project sales prices in the first year (Year 5) of operation (facilities of all categories) are as follows:

Rental prices

Category A

- Maintenance block and petrol filling station – US\$ 65/m2;
- Motel – US\$ 65/m2;
- Shopping and entertainment area – US\$ 65/m2;

Category B

- Maintenance block and petrol filling station – US\$ 65/m2;
- Motel – US\$ 65/m2;
- Shopping and entertainment area – US\$ 65/m2;

Category C

- Catering facility – US\$ 69/m2;
- Retail outlet – US\$ 69/m2;

Category D

- Retail outlet – US\$ 69/m2;

Petrol prices

- Diesel fuel – US\$ 0.6/litre;
- AI-92 – US\$ 0.4/litre;
- AI-95 – US\$ 0.5/litre;

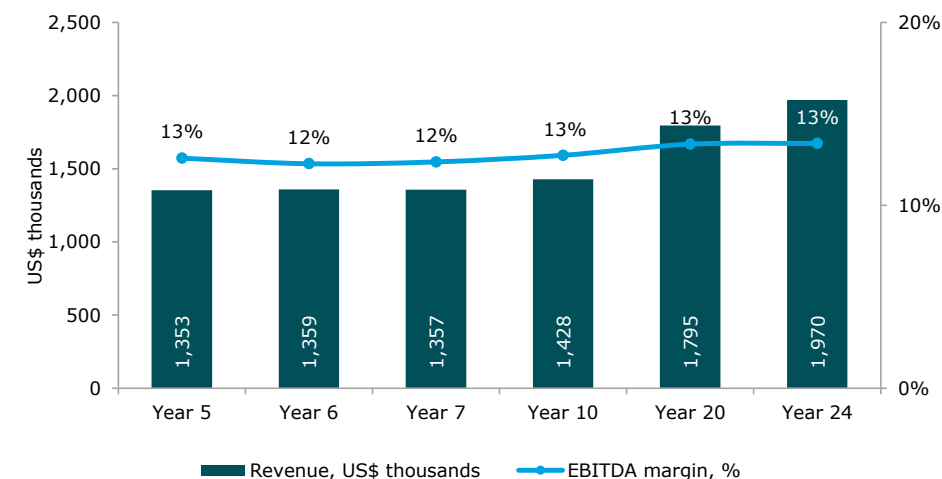
Parking prices

- Tir parking - 24-hour parking - US\$ 2.6/vehicle;
- Tir parking - 12-hour parking - US\$ 1.7/vehicle;
- Tir parking - 1-hour parking - US\$ 0.6/hour;

Source: Deloitte analysis

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Revenue forecast: category D



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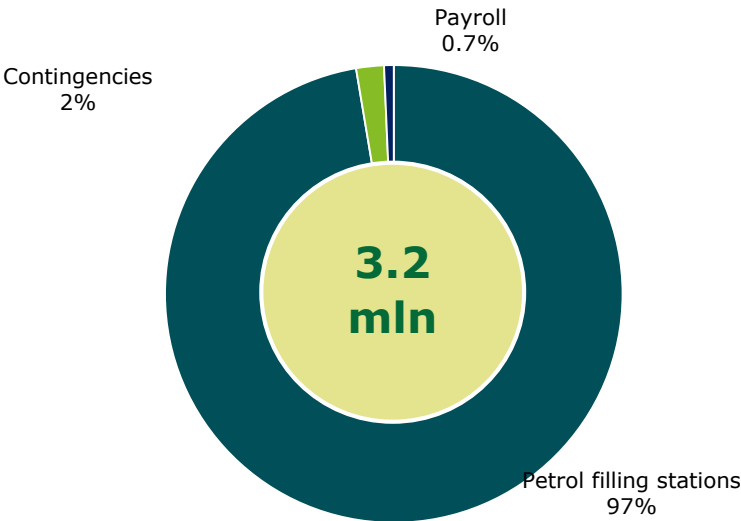
Abbreviations



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Financial data: categories A and B

Cost of production structure, Year 5

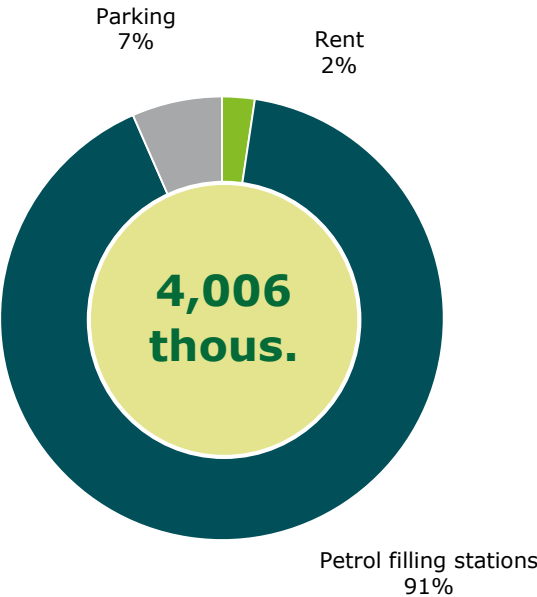


In Year 5, the cost of production will be US\$ 3.2 million, less depreciation. Most of the costs will account for petrol filling stations (US\$ 3.1 million), of which 44% or US\$ 1.3 million are the cost of AI-95 petrol and 39% or US\$ 1.2 million are the cost of AI-92 petrol.

Contingencies will amount to US\$ 62 thousand.

The payroll budget of US\$ 22 thousand will be distributed as follows: 86% or US\$ 19 thousand - payroll costs, the remaining 14% - social taxes and contributions. There will be 5 staff members with average salary of US\$ 4 thousand per year.

Revenue structure, Year5



In Year 5, most of the revenue will be formed by income from petrol filling stations, which is US\$ 3.6 million. A total of 3.7 million litres of AI-92 (US\$ 0.4 per litre), 3.7 million litres of AI-95 (US\$ 0.5 per litre) and 535 thousand litres of diesel fuel (US\$ 0.6 per litre) will be sold.

Revenue from parking lots will amount to US\$ 263 thousand, where a 1-day of parking will generate US\$ 142 thousand, 12-hour parking - US\$ 61 thousand. Revenue from 1-hour parking will amount to US\$ 61 thousand.

Rental revenues will make up US\$ 95 thousand.



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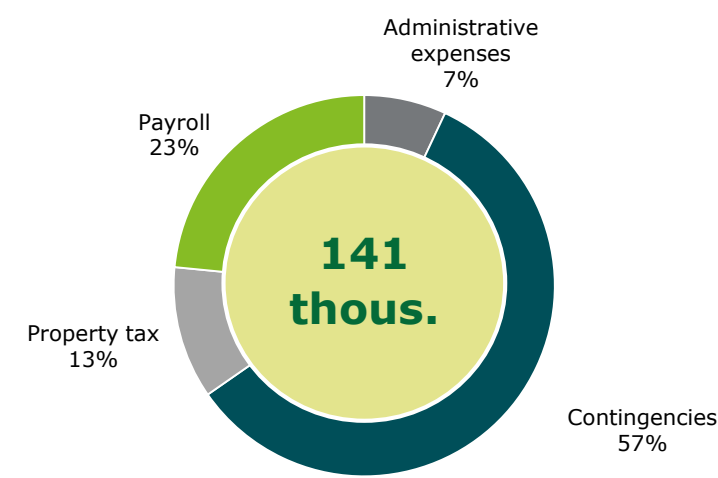


Implementation of motorway services

Financial data: categories A and B



Structure of general and administrative expenses, Year 5



In Year 5, general and administrative expenses will amount to US\$ 141 thousand, of which 57% or US\$ 80 thousand will be contingencies.

Property tax will amount to US\$ 19 thousand.

Administrative expenses will be US\$ 10 thousand, of which 50% or US\$ 5 thousand will be spent on third-party services.

The payroll budget of US\$ 32 thousand will be distributed as follows:

91% - administrative staff payroll costs, which are US\$ 29 thousand, the remaining 9% or US\$ 3 thousand - social taxes and deductions. There will be 5 administrative staff members with average salary of US\$ 6 thousand per year.

Working capital structure, Year 5

Inventories US\$ 152 thousand	Accounts receivable US\$ 446 thousand
Accounts payable US\$ 389 thousand	

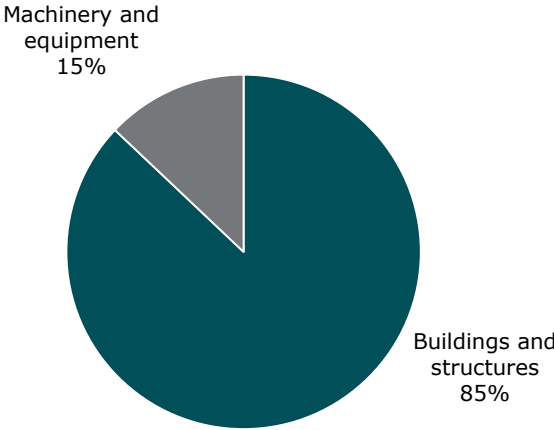
The turnover periods were assumed as constant values in the forecast period and amounted to:

accounts receivable – 41 days;

accounts payable – 45 days;

inventories – 17 days.

Fixed assets, Year 5



The depreciated book value of fixed assets in Year 5 will be US\$ 1,404 thousand. Buildings and structures will account for about 85%, machinery and equipment – 15%.

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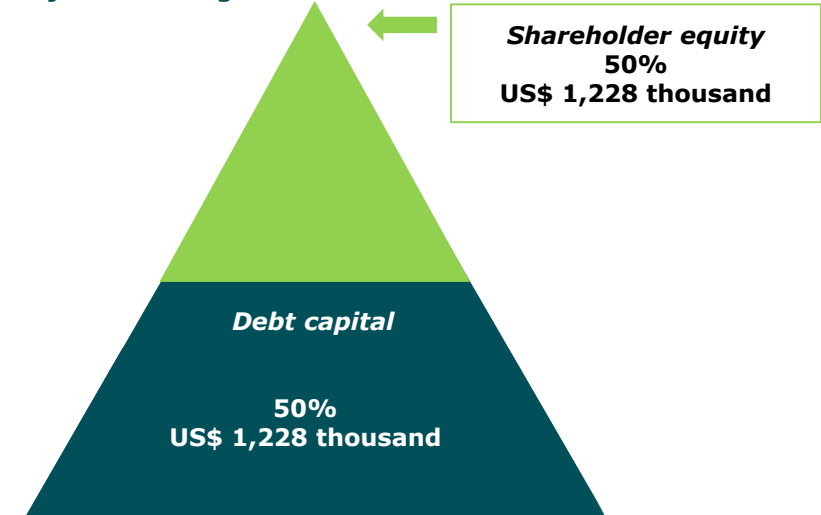


Implementation of motorway services

Financial data: categories A and B



Project financing structure



Company and borrowed funds will be used to implement the Project.

The plan is for Company funds to account for 50% or US\$ 1,228 thousand.
The remaining 50% of cash will be raised from creditors and will amount to US\$ 1,228 thousand.

It is assumed that borrowed funds will begin to be repaid from the third year of Project implementation. The loan will be repaid in full in the 11th year of Project operation.

The loan currency is US\$, interest rate – 6.3% and repayment deadline – 11 years (+2 years of the principal debt and interest grace period).

The table below shows the proposed repayment schedule for borrowed funds.

Loan repayment schedule, US\$ thousands

Index	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Principal debt	1,228	-	-	-	-	-	-	-	-	-	-
Principal repayment	-	-	136	136	136	136	136	136	136	136	136
Closing balance	1,228	1,228	1,091	955	819	682	546	409	273	136	-
Interest payments	-	-	95	86	77	69	60	52	43	34	26

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Balance sheet, US\$ thousands

Index	Year 1	Year 2	...	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24
ASSETS		...	...	...	...	...	...	...	...	...	...	...
Short-term assets		...	...	...	...	...	...	...	...	...	...	...
Cash and equivalents	402	737	...	1,771	...	3,948	4,446	5,120	...	11,011	...	14,362
Accounts receivable (short-term)	-	414	...	446	...	475	485	497	...	597	...	656
Inventories	-	142	...	152	...	159	163	167	...	200	...	219
Total	402	1,292	...	2,369	...	4,582	5,094	5,784	...	11,809	...	15,237
Long-term assets		...	...	...	...	...	...	...	...	...	...	...
Construction in progress	2,054	-	...	-	...	-	-	-	...	-	...	-
Fixed assets	-	1,956	...	1,404	...	583	459	334	...	19	...	21
Total	2,054	1,956	...	1,404	...	583	459	334	...	19	...	21
Total assets	2,456	3,249	...	3,774	...	5,165	5,552	6,117	...	11,828	...	15,258
Equity and liabilities		...	...	...	...	...	...	...	...	...	...	...
Short-term and long-term liabilities		...	...	...	...	...	...	...	...	...	...	...
Accounts payable	-	363	...	389	...	409	417	427	...	513	...	563
Long-term financial liabilities	1,228	1,228	...	819	...	136	-	-	...	-	...	-
Total	1,228	1,591	...	1,208	...	545	417	427	...	513	...	563
Equity		...	...	...	...	...	...	...	...	...	...	...
Authorised capital	1,228	1,228	...	1,228	...	1,228	1,228	1,228	...	1,228	...	1,228
Retained earnings (accumulated loss)	-	430	...	1,338	...	3,392	3,907	4,462	...	10,086	...	13,467
Total	1,228	1,658	...	2,566	...	4,620	5,135	5,690	...	11,314	...	14,695
Total equity and liabilities	2,456	3,249	...	3,774	...	5,165	5,552	6,117	...	11,828	...	15,258

Source: Deloitte analysis

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Implementation of motorway services

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Profit and loss statement, US\$ thousands

Index	Year 1	Year 2	...	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24	PFP
Revenue		3,715	...	4,006	...	4,262	4,354	4,462	...	5,363	...	5,891	6,066
Revenue growth rate	n/a	n/a	...	7%	...	3%	2%	2%	...	2%	...	2%	3.0%
Prime cost		2,957	...	3,170	...	3,329	3,398	3,480	...	4,182	...	4,584	
General and administrative expenses		124	...	141	...	145	146	147	...	169	...	187	
EBITDA		634	...	695	...	789	810	835	...	1,012	...	1,120	1,147
EBITDA margin	n/a	17%	...	17%	...	19%	19%	19%	...	19%	...	19%	19%
Depreciation and amortization		97	...	197	...	139	140	141	...	19	...	21	21
EBIT		537	...	498	...	650	670	693	...	993	...	1,099	1,126
EBIT margin	n/a	14%	...	12%	...	15%	15%	16%	...	19%	...	19%	18.6%
Financial expenses	-	-	...	77	...	34	26	-	...	-	...	-	
EBT		537	...	420	...	615	644	693	...	993	...	1,099	
EBT margin	n/a	14%	...	10%	...	14%	15%	16%	...	19%	...	19%	
Corporate income tax		107	...	84	...	123	129	139	...	199	...	220	
Net income		430	...	336	...	492	515	555	...	794	...	879	
Net profit margin	n/a	12%	...	8%	...	12%	12%	12%	...	15%	...	15%	
NOPAT		430	...	398	...	520	536	555	...	794	...	879	901

Source: Deloitte analysis

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Cash flow statement, US\$ thousands

Index	Year 1	Year 2	...	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24
Net income	-	430	...	336	...	492	515	555	...	794	...	879
Depreciation and amortization	-	97	...	197	...	139	140	141	...	19	...	21
Working capital change	-	(192)	...	(13)	...	(6)	(5)	(6)	...	(6)	...	(8)
Cash flow from operations	-	335	...	520	...	625	651	690	...	807	...	892
Capital expenditures	(2,054)	-	...	(13)	...	(15)	(16)	(16)	...	(20)	...	(22)
Cash flow from investment activities	(2,054)	-	...	(13)	...	(15)	(16)	(16)	...	(20)	...	(22)
Equity injection	1,228	-	...	-	...	-	-	-	...	-	...	-
Receiving loans	1,228	-	...	-	...	-	-	-	...	-	...	-
Debt repayment	-	-	...	(136)	...	(136)	(136)	-	...	-	...	-
Cash flow from financial activities	2,456	-	...	(136)	...	(136)	(136)	-	...	-	...	-
Net cash flow	402	335	...	371	...	474	498	674	...	788	...	871
Cash at the beginning of the period	-	402	...	1,401	...	3,475	3,948	4,446	...	10,224	...	13,491
Cash at the end of the period	402	737	...	1,771	...	3,948	4,446	5,120	...	11,011	...	14,362

Source: Deloitte analysis

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Estimation of key investment indicators of the Project, US\$ thousands

Index	Year 1	Year 2	...	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24	PFP
NOPAT	-	430	...	398	...	520	536	555	...	794	...	879	901
Depreciation and amortization	-	97	...	197	...	139	140	141	...	19	...	21	21
Capital expenditures	2,054	-	...	13	...	15	16	16	...	20	...	22	21
Working capital change	-	192	...	13	...	6	5	6	...	6	...	8	9
Free cash flow	(2,054)	335	...	569	...	637	655	674	...	788	...	871	892
Discounted free cash flow	(1,920)	274	...	311	...	178	160	144	...	57	...	37	
Sum of discounted cash flows	1,713												
Terminal period cash flow	892												
WACC	14.4%												
Terminal period growth	3.0%												
Terminal value discount factor	0.04												
Terminal value	333												
Enterprise Value (EV, NPV)	2,045												

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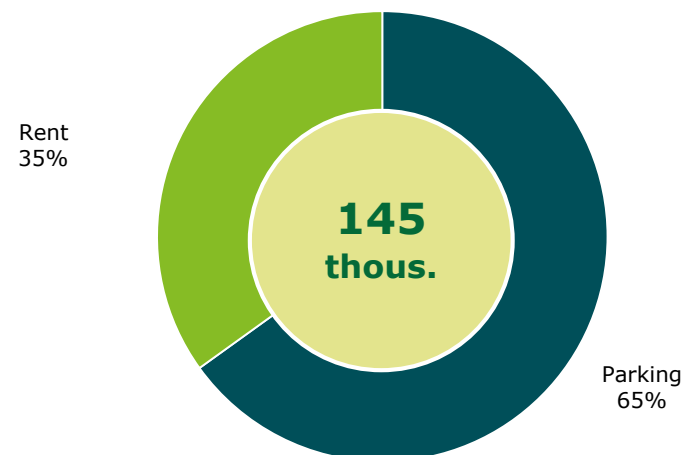
Cost of production structure, Year 5



In Year 5, the cost of production will be US\$ 9 thousand, less depreciation. The payroll budget of US\$ 8.7 thousand will be distributed as follows: 89% or US\$ 7.8 thousand - payroll costs, the remaining 11% - social taxes and contributions. There will be 2 staff members with average salary of US\$ 4 thousand per year.

Contingencies will amount to US\$ 0.17 thousand.

Revenue structure, Year5



In Year 5, the most of revenues will be from parking lots and will amount to US\$ 144.6 thousand, where a 1-day parking will generate US\$ 50.6 thousand, 12-hour parking - US\$ 21.7 thousand. Revenue from 1-hour parking will amount to US\$ 21.7 thousand.

Rental revenues will make up US\$ 50.5 thousand.

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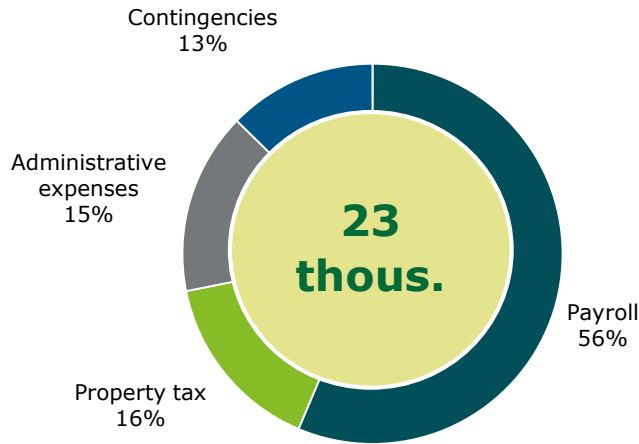


Implementation of motorway services

Financial data: category C



Structure of general and administrative expenses, Year 5



In Year 5, general and administrative expenses will amount to US\$ 23 thousand, of which 56% or US\$ 13 thousand will be spent on salary, including 89% - administrative staff payroll (US\$ 11.5 thousand) and 11% or US\$ 1.3 thousand - social taxes and contributions.

There will be 2 administrative staff members with average salary of US\$ 6 thousand per year.

Property tax will amount to US\$ 4 thousand.

Administrative expenses will be US\$ 4 thousand, of which 50% or US\$ 2 thousand will be spent on third-party services.

Contingencies will amount to 13% or US\$ 3 thousand.

Source: Deloitte analysis
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Working capital structure, Year 5

Inventories US\$ 0.42 thousand	Accounts receivable US\$ 16 thousand
Accounts payable US\$ 1.1 thousand	

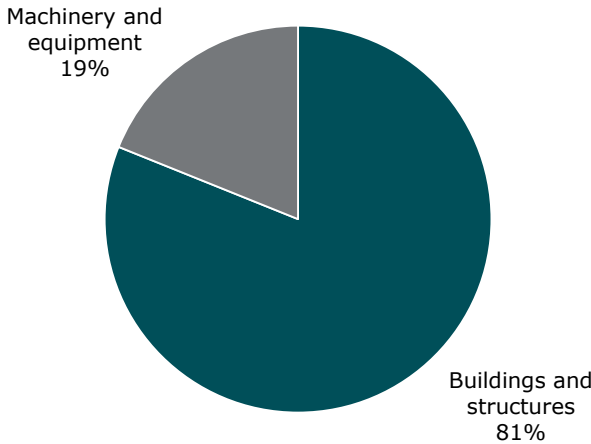
The turnover periods were assumed as constant values in the forecast period and amounted to:

accounts receivable – 41 days;

accounts payable – 45 days;

inventories – 17 days.

Fixed assets, Year 5



The depreciated book value of fixed assets in Year 5 will be US\$ 302 thousand. Buildings and structures will account for about 81%, machinery and equipment – 19%.

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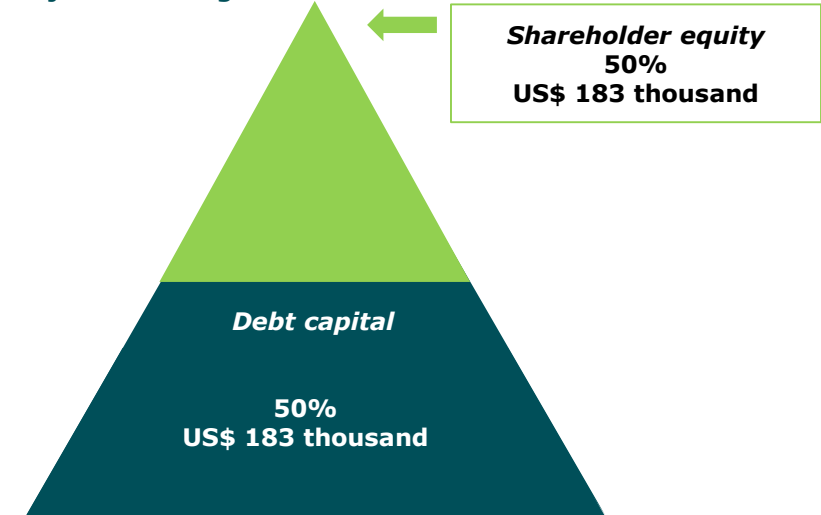


Implementation of motorway services

Financial data: category C



Project financing structure



Company and borrowed funds will be used to implement the Project.

The plan is for Company funds to account for 50% or US\$ 183 thousand.
The remaining 50% of cash will be raised from creditors and will amount to US\$ 183 thousand.

It is assumed that borrowed funds will begin to be repaid from the third year of Project implementation. The loan will be repaid in full in the 11th year of Project operation.

The loan currency is US\$, interest rate – 6.3% and repayment deadline – 11 years (+2 years of the principal debt and interest grace period).

The table below shows the proposed repayment schedule for borrowed funds.

Loan repayment schedule, US\$ thousands

Index	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Principal debt	-	-	183	-	-	-	-	-	-	-	-	-	-
Principal repayment	-	-	-	-	20	20	20	20	20	20	20	20	20,4
Closing balance	-	-	183	183	163	143	122	102	81	61	41	20	-
Interest payments	-	-	-	-	14	13	12	10	9	8	6	5	3,8

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Balance sheet, US\$ thousands

Index	Year 3	Year 4	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24
ASSETS				...				...		...
Short-term assets				...				...		...
Cash and equivalents	17	93	155	...	543	635	731	...	1,773	...	2,376
Accounts receivable (short-term)	0	15	16	...	20	20	21	...	25	...	28
Inventories	0	0	0	...	1	1	1	...	1	...	1
Total	17	109	172	...	563	655	752	...	1,798	...	2,405
Long-term assets				...				...		...
Construction in progress	350	0	0	...	0	0	0	...	0	...	0
Fixed assets	0	333	302	...	145	121	100	...	3	...	4
Total	350	333	302	...	145	121	100	...	3	...	4
Total assets	367	442	474	...	708	777	852	...	1,801	...	2,408
Equity and liabilities		...		...	...			...		...
Short-term and long-term liabilities		...		...	...			...		...
Accounts payable	0	1	1	...	1	1	1	...	2	...	2
Long-term financial liabilities	183	183	163	...	61	41	20	...	0	...	0
Total	183	184	164	...	62	42	22	...	2	...	2
Equity		...		...	...			...		...
Authorised capital	183	183	183	...	183	183	183	...	183	...	183
Retained earnings (accumulated loss)	0	74	127	...	463	551	647	...	1,616	...	2,223
Total	183	258	310	...	646	735	830	...	1,800	...	2,406
Total equity and liabilities	367	442	474	...	708	777	852	...	1,801	...	2,408

Source: Deloitte analysis

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Profit and loss statement, US\$ thousands

Index	Year 3	Year 4	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24	PFP
Revenue	-	139	145	...	176	181	186	...	224	...	250	258
<i>Revenue growth rate</i>	<i>n/a</i>	<i>n/a</i>	4.3%	...	3.6%	2.8%	3.1%	...	2.2%	...	3.0%	3.0%
Prime cost	-	8	9	...	11	11	11	...	14	...	15	
General and administrative expenses	-	21	23	...	25	26	26	...	29	...	33	
EBITDA	-	110	113	...	139	144	149	...	181	...	202	208
<i>EBITDA margin</i>	<i>n/a</i>	79.0%	77.9%	...	79.3%	79.6%	79.8%	...	80.8%	...	80.8%	81%
Depreciation and amortization	-	17	33	...	34	27	24	...	3	...	4	4
EBIT	-	93	79	...	105	117	125	...	177	...	198	204
<i>EBIT margin</i>	<i>n/a</i>	67.1%	54.9%	...	59.8%	64.9%	67.0%	...	79.3%	...	79.3%	79.4%
Financial expenses	-	-	14	...	8	6	5	...	-	...	-	
EBT	-	93	65	...	97	111	120	...	177	...	198	
<i>EBT margin</i>	<i>n/a</i>	67%	45%	...	55%	61%	64%	...	79%	...	79%	
Corporate income tax	-	19	13	...	19	22	24	...	35	...	40	
Net income	-	74	52	...	78	89	96	...	142	...	159	
<i>Net profit margin</i>	<i>n/a</i>	54%	36%	...	44%	49%	51%	...	63%	...	63%	
NOPAT	-	74	63	...	84	94	100	...	142	...	159	164

Source: Deloitte analysis

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Index	Year 3	Year 4	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24
Net income	0	74	52	...	78	89	96	...	142	...	159
Depreciation and amortization	0	17	33	...	34	27	24	...	3	...	4
Working capital change	0	(15)	(1)	...	(1)	(1)	(1)	...	(1)	...	(1)
Cash flow from operations	0	76	85	...	112	115	119	...	145	...	162
Capital expenditures	(350)	0	(2)	...	(3)	(3)	(3)	...	(3)	...	(4)
Cash flow from investment activities	(350)	0	(2)	...	(3)	(3)	(3)	...	(3)	...	(4)
Equity injection	183	0	0	...	0	0	0	...	0	...	0
Receiving loans	183	0	0	...	0	0	0	...	0	...	0
Debt repayment	0	0	(20)	...	(20)	(20)	(20)	...	0	...	0
Cash flow from financial activities	367	0	(20)	...	(20)	(20)	(20)	...	0	...	0
Net cash flow	17	76	62	...	89	92	96	...	141	...	158
Cash at the beginning of the period	0	17	93	...	454	543	635	...	1,631	...	2,218
Cash at the end of the period	17	93	155	...	543	635	731	...	1,773	...	2,376

Source: Deloitte analysis

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Index	Year 3	Year 4	Year 5	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24	PFP
NOPAT	0	74	63	...	84	94	100	...	142	...	159	164
Depreciation and amortization	0	17	33	...	34	27	24	...	3	...	4	4
Capital expenditures	350	0	2	...	3	3	3	...	3	...	4	4
Working capital change	0	15	1	...	1	1	1	...	1	...	1	1
Free cash flow	(350)	76	94	...	115	117	120	...	141	...	158	163
Discounted free cash flow	(250)	48	51	...	32	29	26	...	10	...	7	
Sum of discounted cash flows	258											
Terminal period cash flow	163											
WACC	14.4%											
Terminal period growth	3.0%											
Terminal value discount factor	0.04											
Terminal value	61											
Enterprise Value (EV, NPV)	319											

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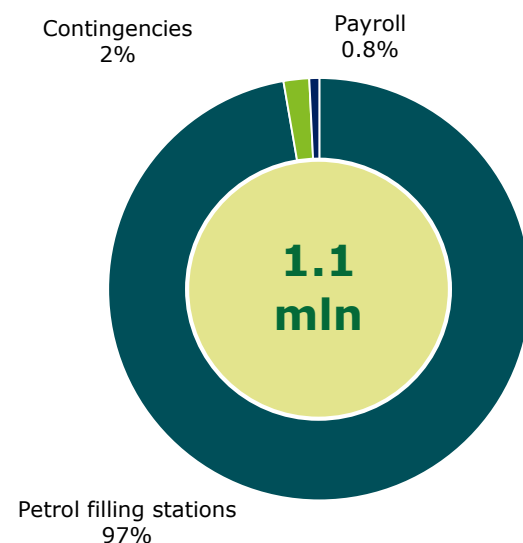


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Cost of production structure, Year 5

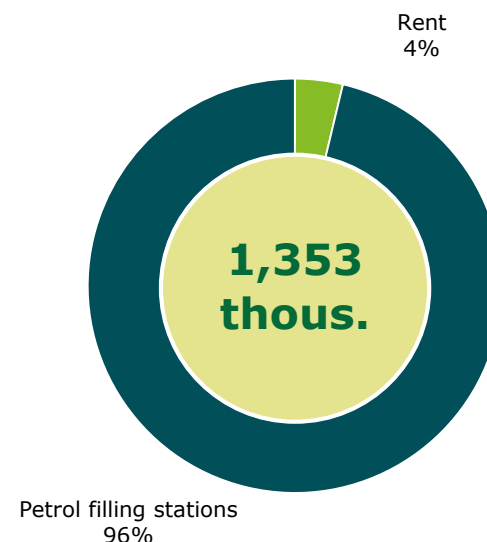


In Year 5, the cost of production will be US\$ 1,133 thousand, less depreciation. Most of the costs will account for petrol filling stations (US\$ 1,102 thousand), of which 44% or US\$ 481 thousand are the cost of AI-95 petrol and 39% or US\$ 435 thousand are the cost of AI-92 petrol.

Contingencies will amount to US\$ 22 thousand.

The payroll budget of US\$ 9 thousand will be distributed as follows: 89% or US\$ 8 thousand - payroll costs, the remaining 11% - social taxes and contributions. There will be 2 staff members with average salary of US\$ 4 thousand per year.

Revenue structure, Year5



In Year 5, most of the revenue will be formed by income from petrol filling stations, which is US\$ 1.3 million. A total of 1.3 million litres of AI-92 (US\$ 0.4 per litre), 1.3 million litres of AI-95 (US\$ 0.5 per litre) and 191 thousand litres of diesel fuel (US\$ 0.6 per litre) will be sold.

Rental revenues will make up US\$ 50 thousand.

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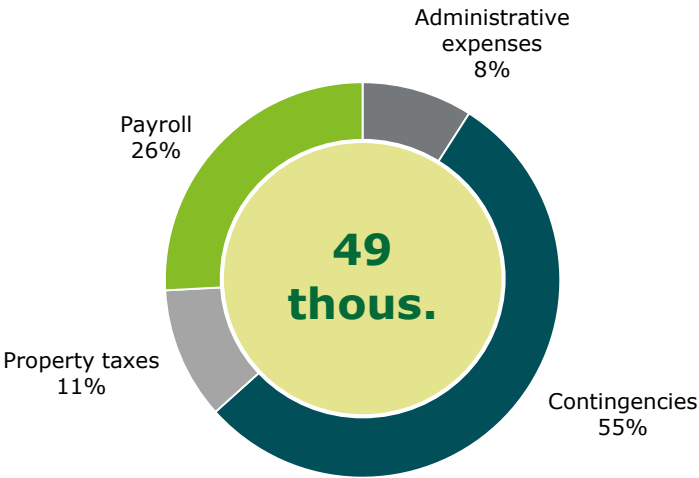


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Structure of general and administrative expenses, Year 5



In Year 5, general and administrative expenses will amount to US\$ 49 thousand, of which 55% or US\$ 27 thousand will be contingencies.

Property tax will amount to US\$ 5 thousand.

Administrative expenses will be US\$ 4 thousand, of which 50% or US\$ 2 thousand will be spent on third-party services.

The payroll budget of US\$ 13 thousand will be distributed as follows: 92% - administrative staff payroll costs, which are US\$ 12 thousand, the remaining 8% or US\$ 1 thousand - social taxes and deductions. There will be 2 administrative staff members with average salary of US\$ 6 thousand per year.

Working capital structure, Year 5

Inventories US\$ 54 thousand	Accounts receivable US\$ 151 thousand
Accounts payable US\$ 139 thousand	

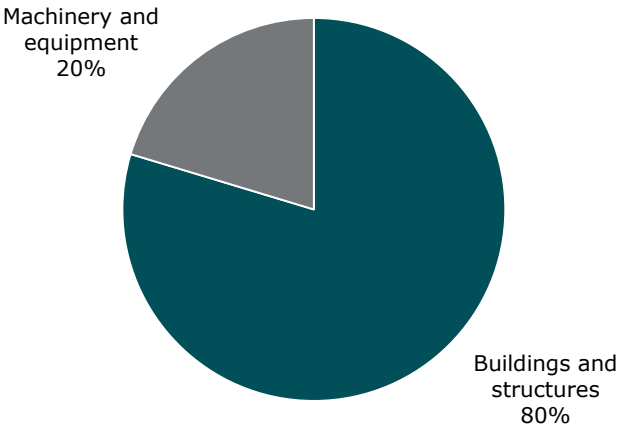
The turnover periods were assumed as constant values in the forecast period and amounted to:

accounts receivable – 41 days;

accounts payable – 45 days;

inventories – 17 days.

Fixed assets, Year 5



The depreciated book value of fixed assets in Year 5 will be US\$ 778 thousand. Buildings and structures will account for about 80%, machinery and equipment – 20%.

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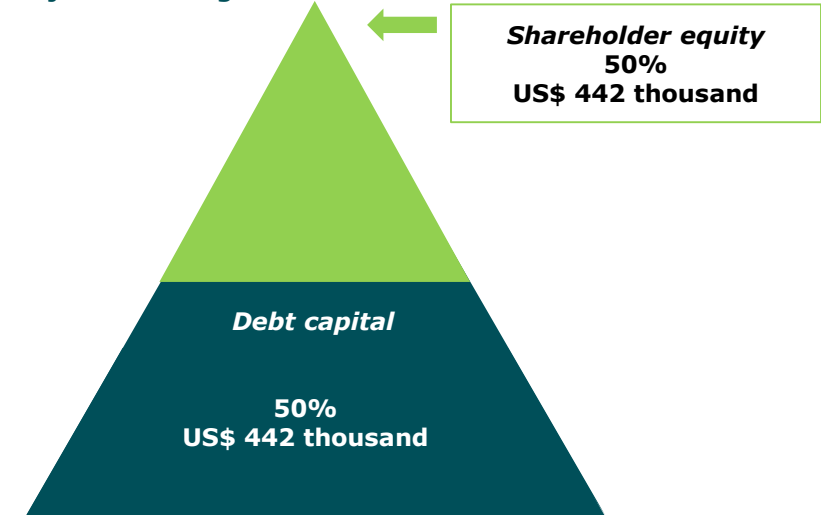


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Project financing structure



Company and borrowed funds will be used to implement the Project.

The plan is for Company funds to account for 50% or US\$ 442 thousand. The remaining 50% of cash will be raised from creditors and will amount to US\$ 442 thousand.

It is assumed that borrowed funds will begin to be repaid from the third year of Project implementation. The loan will be repaid in full in the 11th year of Project operation.

The loan currency is US\$, interest rate – 6.3% and repayment deadline – 11 years (+2 years of the principal debt and interest grace period).

The table below shows the proposed repayment schedule for borrowed funds.

Loan repayment schedule, US\$ thousands

Index	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
Principal debt	-	-	-	442	-	-	-	-	-	-	-	-	-	-
Principal repayment	-	-	-	-	-	49	49	49	49	49	49	49	49	49
Closing balance	-	-	-	442	442	393	343	294	245	196	147	98	49	-
Interest payments	-	-	-	-	-	34	31	28	25	22	19	15	12	9

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Balance sheet, US\$ thousands

Index	Year 4	Year 5	Year 6	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24
ASSETS		...	...	...	...	...	...	...	...	...
Short-term assets		...	...	...	...	...	...	...	...	...
Cash and equivalents	66	145	213	...	529	624	722	...	2,008	...	2,787
Accounts receivable (short-term)		151	151	...	159	162	166	...	200	...	219
Inventories		54	54	...	57	58	60	...	72	...	78
Total	66	350	419	...	745	845	948	...	2,280	...	3,085
Long-term assets				...				...		...
Construction in progress	817			...				...	-	...	-
Fixed assets		778	706	...	413	340	284	...	7	...	8
Total	817	778	706	...	413	340	284	...	7	...	8
Total assets	883	1,128	1,125	...	1,159	1,184	1,232	...	2,287	...	3,093
Equity and liabilities				...				...		...
Short-term and long-term liabilities				...				...		...
Accounts payable		139	140	...	146	149	153	...	184	...	201
Long-term financial liabilities	442	442	393	...	196	147	98	...	-	...	-
Total	442	581	532	...	342	296	251	...	184	...	201
Equity	442	442	442	...	442	442	442	...	442	...	442
Authorised capital	442	442	442	...	442	442	442	...	442	...	442
Retained earnings (accumulated loss)		106	151	...	375	446	539	...	1,662	...	2,450
Total	442	547	593	...	816	888	981	...	2,104	...	2,892
Total equity and liabilities	883	1,128	1,125	...	1,159	1,184	1,232	...	2,287	...	3,093

Source: Deloitte analysis

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Profit and loss statement, US\$ thousands

Index	Year 4	Year 5	Year 6	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24	PFP
Revenue		1,353	1,359	...	1,428	1,458	1,494	...	1,795	...	1,970	2,028
Revenue growth rate	n/a	n/a	0%	...	3%	2%	2%	...	2%	...	2.4%	3.0%
Prime cost		1,133	1,137	...	1,190	1,215	1,244	...	1,495	...	1,639	
General and administrative expenses		49	54	...	55	55	56	...	61	...	67	
EBITDA		171	168	...	183	188	194	...	240	...	264	271
EBITDA margin	n/a	13%	12%	...	13%	13%	13%	...	13%	...	13%	13%
Depreciation and amortization		39	78	...	80	80	62	...	8	...	8	8
EBIT		132	91	...	103	108	132	...	232	...	255	263
EBIT margin	n/a	10%	7%	...	7%	7%	9%	...	13%	...	13.0%	12.9%
Financial expenses	-	-	34	...	22	19	15	...	-	...	-	
EBT		132	57	...	82	89	116	...	232	...	255	
EBT margin	n/a	10%	4%	...	6%	6%	8%	...	13%	...	13%	
Corporate income tax		26	11	...	16	18	23	...	46	...	51	
Net income		106	45	...	65	71	93	...	186	...	204	
Net profit margin	n/a	8%	3%	...	5%	5%	6%	...	10%	...	10%	
NOPAT		106	72	...	83	86	105	...	186	...	204	210

Source: Deloitte analysis

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Cash flow statement, US\$ thousands

Index	Year 4	Year 5	Year 6	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24
Net income		106	45	...	65	71	93	...	186	...	204
Depreciation and amortization		39	78	...	80	80	62	...	8	...	8
Working capital change	-	(66)	(0)	...	(2)	(2)	(2)	...	(2)	...	(2)
Cash flow from operations		79	122	...	143	150	153	...	191	...	210
Capital expenditures	(817)	0	(5)	...	(6)	(6)	(6)	...	(8)	...	(9)
Cash flow from investment activities	(817)	0	(5)	...	(6)	(6)	(6)	...	(8)	...	(9)
Equity injection	442	-	-	...	-	-	-	...	-	...	0
Receiving loans	442	-	-	...	-	-	-	...	-	...	0
Debt repayment	0	0	(49)	...	(49)	(49)	(49)	...	-	...	-
Cash flow from financial activities	883	0	(49)	...	(49)	(49)	(49)	...	-	...	0
Net cash flow	66	79	68	...	88	95	98	...	183	...	202
Cash at the beginning of the period		66	145	...	441	529	624	...	1,825	...	2,585
Cash at the end of the period	66	145	213	...	529	624	722	...	2,008	...	2,787

Source: Deloitte analysis

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Estimation of key investment indicators of the Project, US\$ thousands

Index	Year 4	Year 5	Year 6	...	Year 10	Year 11	Year 12	...	Year 20	...	Year 24	PFP
NOPAT		106	72	...	83	86	105	...	186	...	204	210
Depreciation and amortization		39	78	...	80	80	62	...	8	...	8	8
Capital expenditures	817		5	...	6	6	6	...	8	...	9	8
Working capital change		66		...	2	2	2	...	2	...	2	3
Free cash flow	- 817	79	144	...	154	159	159	...	183	...	202	207
Discounted free cash flow	- 510	43	69	...	43	39	34	...	13	...	9	
Sum of discounted cash flows	90											
Terminal period cash flow	207											
WACC	14.4%											
Terminal period growth	3.0%											
Terminal value discount factor	0.04											
Terminal value	77											
Enterprise Value (EV, NPV)	167											

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Results

Key Project investment data

Index	Categories of motoway servies		
	A and B	C	D
Investment, US\$ thousands	2,456	367	883
Project NPV, US\$ thousands	2,045	319	167
IRR, %	26.12%	28.41%	17.10%
EBITDA return, %	18.4%	79.9%	13.1%
Payback period, years	5.12	4.81	6.98
Discounted payback period, years	7.35	6.67	13.84

The Project needs investment of US\$ 2,029 thousand (category A), US\$ 1,922 thousand (category B), US\$ 666 thousand (category C) and US\$ 893 thousand (category D).

According to our calculations, the Net Present Value (NPV) of the Project is US\$ 2,435 thousand (category A), US\$ 1,322 thousand (category B), US\$ 104 thousand (category C) and US\$ 156 thousand (category D).

Conclusions

This investment Project provides for the implementation of motorway services in Kazakhstan.

The Project is organised by KazAvtoZhol NC JSC ("Company")

The creation and organization of these services is of great national importance and corresponds to the country's current development priorities.

For the past 10 years, the number of vehicles in the country increased annually by 5% on average. As forecasted, the country's vehicle fleet will increase from 4.3 million cars in 2018 to 10 million cars in 2045-2050. Passenger and cargo traffics by road also increased in the country. The average annual growth of the figures over the past 5 years was 2.6% and 2.05%, respectively.

The territory of Kazakhstan is becoming more attractive for cargo transit between the East and the West. The growth in transit by road over the past year was 223%. Implementation of the Project will help derive the greatest benefit from transit flows and provide the transport infrastructure of the highest quality. To maintain such growth rates it is required to provide high service for transit flows on the country's roads.

After the Western Europe - Western China International Transport Corridor will be completely commissioned, the increase in road traffic will result in high demand for services directly on the route. According to Strategy Partnership experts, cargo transit through the country is expected to increase up to 36 million tonnes by 2020 with a subsequent increase up to 50 million tonnes per year.

Motorway service facilities of various categories will be located along all major road sections in Kazakhstan, covering also adjacent road sections to foreign countries. It's worth noting that cargo transportation by land accounts for 30%. In 2018, passenger traffic by land accounted for 88%. In this case, land traffic doesn't imply rail transport.



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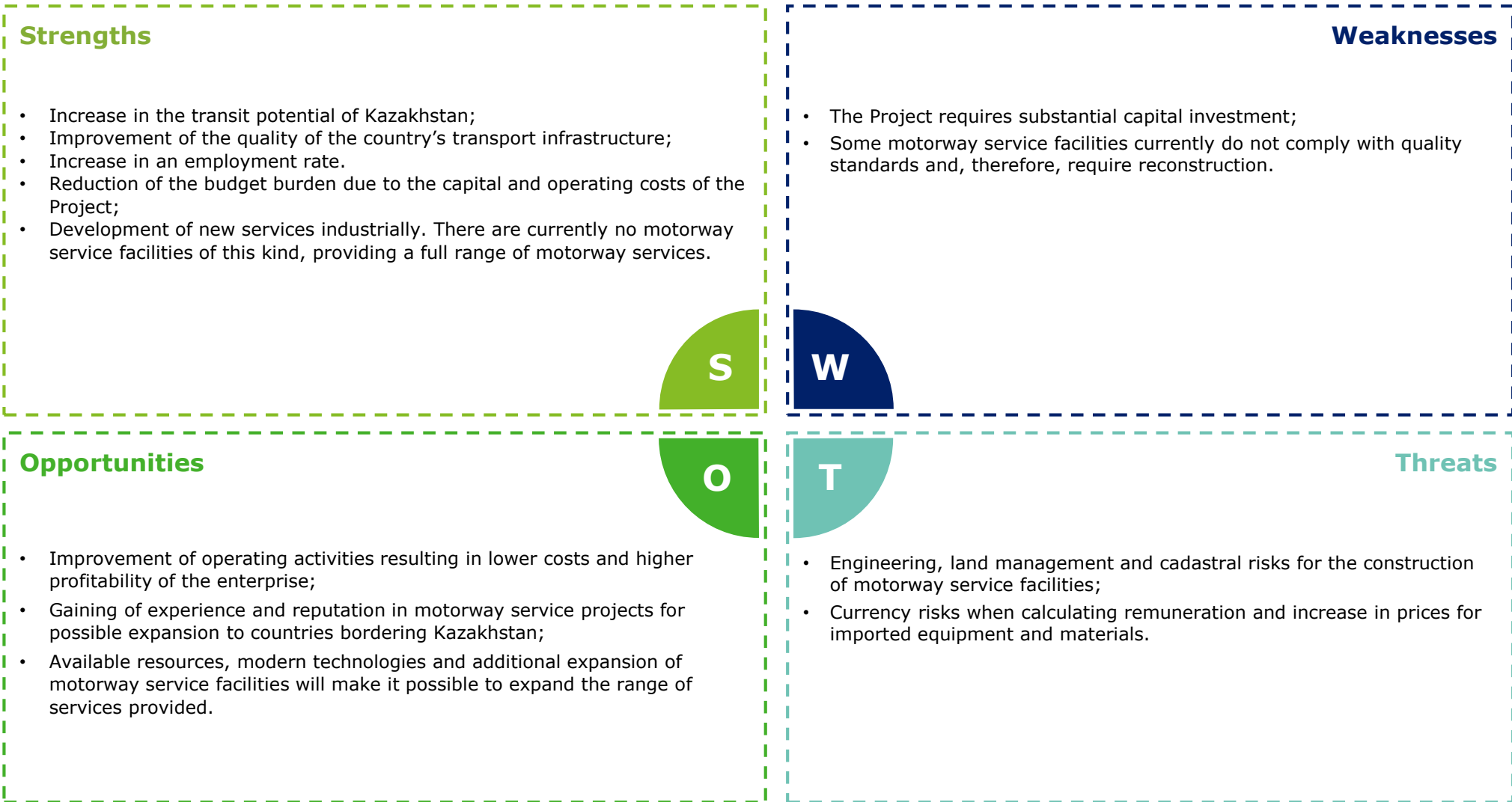
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Abbreviations

JSC	joint-stock company
BAKAD	Big Almaty Ring Road
DED	design and estimate documentation
GDP	gross domestic product
GRP	gross regional product
PPP	public private partnership
US\$	US dollar
ITS	intelligent transportation system
m2	square metre
CIT	corporate income tax
mln	million
MID	Ministry of Investment and Development
MSF	Motorway service facilities
bln	billion
VAT	value added tax
pkm	passenger-kilometer
Kazakhstan	Republic of Kazakhstan
JV	joint venture
tkm	tonne-kilometre

LLP	limited liability partnership
thous.	thousand
CAGR	Compound Annual Growth Rate
EIU	Economist Intelligence Unit
CSPP	Committee of State Property and Privatization
EBIT	earnings before interest and taxes
EBITDA	earnings before interest and taxes, depreciation and amortization
GI	Global Insight
IRR	internal rate of return
NPV	net present value
OECD	Organisation for Economic Co-operation and Development
FCFF	Free Cash Flow for Firm
FCFE	Free Cash Flow for Equity
SEC	socio-entrepreneurial corporation
SME	small & medium enterprise
WACC	weighted average cost of capital



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