

RECOMMENDATION

Buy

JSC «Kazatomprom» (KZAP)

Upside: **30%**

Target Price: **24,700 KZT**

Last price: **18,995 KZT**
[flashnote/update](#)

STOCK MARKET

DCF

Kazakhstan | Nuclear Power

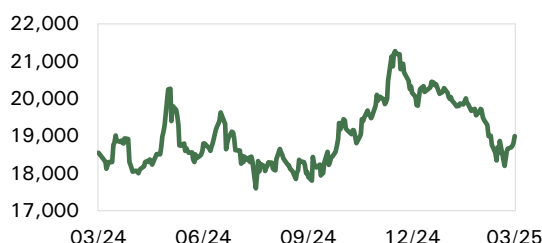
Kazatomprom: Financial results for 2024



Revenue, '24 (billion KZT)	1,813
EBIT, '24 (billion KZT)	966
Net Income, norm. '24 (billion KZT)	577
Net Debt, '24 (billion KZT)	-145

P/E, norm. '24 (x)	8.5x
P/BV, '24 (x)	1.6x
EV/S, '24 (x)	2.6x
EV/EBITDA, '24 (x)	6.1x
ROA, norm. (%)	22%
ROE, norm. (%)	49%
EBIT Margin (%)	40%
Net Margin, norm. (%)	32%

Market cap (billion KZT)	4,926
Shares issued (million units)	259
Free float (%)	25%
52-week min/max (KZT)	16,700 – 21,390
Current price (KZT)	18,995
Target Price (KZT)	24,700
Upside (%)	30%
Investment horizon	6-12 months
Planned price update frequency	Quarterly

Stock dynamics / exchange/ticker **KASE/KZAP**


Performance (%)	3 months	9 months	12 months
Absolute	-6%	6%	2%
vs KASE	-8%	-3%	-11%

JSC "Kazatomprom" released its financial report for 2024. Revenue showed solid growth amid an increase in average realized prices. Moreover, operating margin declined only slightly. In our valuation model, we updated key financial indicators, lowered forecasted revenue and uranium price projections, and increased the cost of capital. As a result, our valuation of Kazatomprom's stock decreased to 24,700 KZT, with a growth potential of 30% from the current price on KASE. Recommendation – "Buy".

(+) Record annual revenue. The company's revenue for 2024 reached a record 1.8 trillion KZT, growing by 26% y/y. The main drivers of this growth were revenues from uranium sales (+20% y/y) and uranium product sales (+66% y/y). However, the company's attributable uranium sales volume for the year totaled 12.8 thousand tons, 14% lower than in 2023 due to increased supplies to LLP "Ulba-FA" for uranium products (fuel pellets and assemblies) manufacturing. At the same time, overall uranium production increased by 10% y/y. Thus, the key factor behind revenue growth was a 26% increase in the average selling price, while the average market price rose by 36%.

(=) Margin declined slightly. Compared to the previous year, profitability saw a slight decline in terms of operating profit. Gross margin fell from 53% to 49%, largely due to a 42% y/y increase in raw material and supply costs caused by a sulfuric acid shortage and rising uranium prices. However, EBITDA margin declined less significantly—from 44.6% to 43.5%—thanks to a 62% y/y increase in net profit from associated and joint ventures. Adjusted net profit attributable to shareholders, excluding a one-time non-cash gain of 296 billion KZT from business acquisition (JV "Budenovskoye"), amounted to 577 billion KZT (+38% y/y), or 2,223 KZT per share.

Our opinion and valuation model changes. Kazatomprom's report can be considered moderately positive due to record annual revenue. Given the slight decline in margin, the company's net profit grew significantly. However, free cash flow for dividend calculation increased by only 5.6% y/y, meaning that a significant dividend increase should not be expected this year. In our valuation model, we lowered forecasted revenue due to declining market uranium prices. Additionally, WACC was slightly increased. As a result, the new target price for Kazatomprom's shares is **24,700 KZT**, with an **upside of 30%** from the current market price. **Recommendation – "Buy".**

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Appendix

Illustration 1. Key changes in the latest version of the valuation model

Changes	Date of valuation		Change, %	Comments
	04.12.2024	26.03.2025		
Uranium spot price, 2025, \$/lb	76	70	-8%	Recent actual U3O8 spot price decrease
Revenue, 2025, trillion KZT	1.86	1.73	-7%	Lower forecast prices for uranium and uranium products
WACC, %	11.1%	11.5%	+40 bp	Higher equity risk premium and risk-free rate

Freedom Broker estimates

Illustration 2. Previous recommendations and price targets from Freedom Broker. (B - "buy", H - "hold", S - "sell")

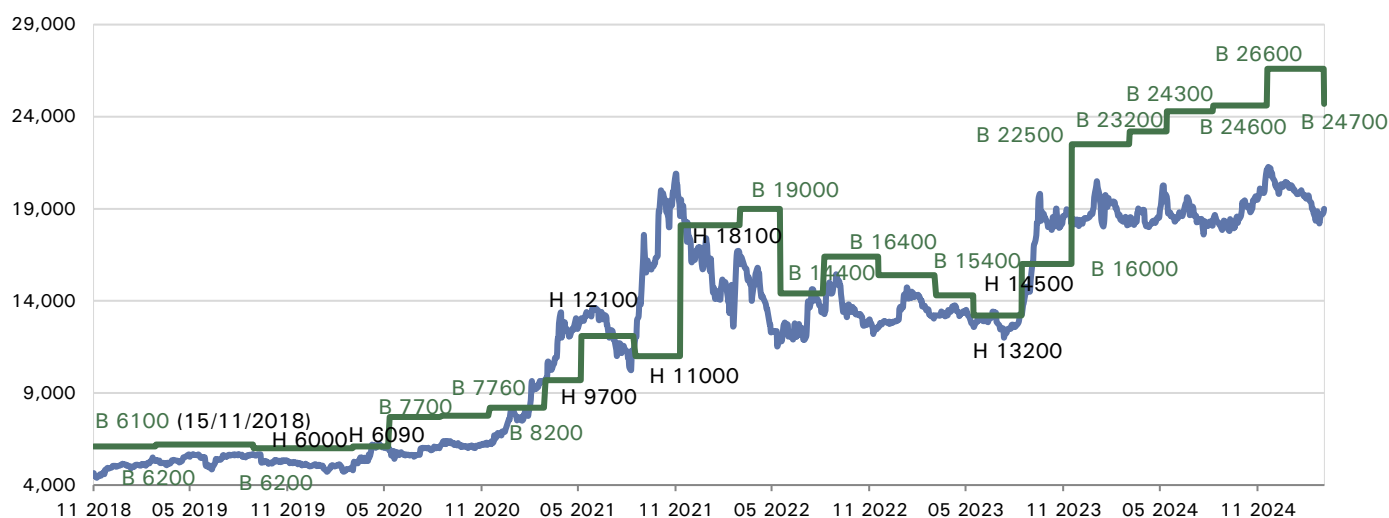


Illustration 3. P/E and EV/EBITDA multiples according to Freedom Broker estimates

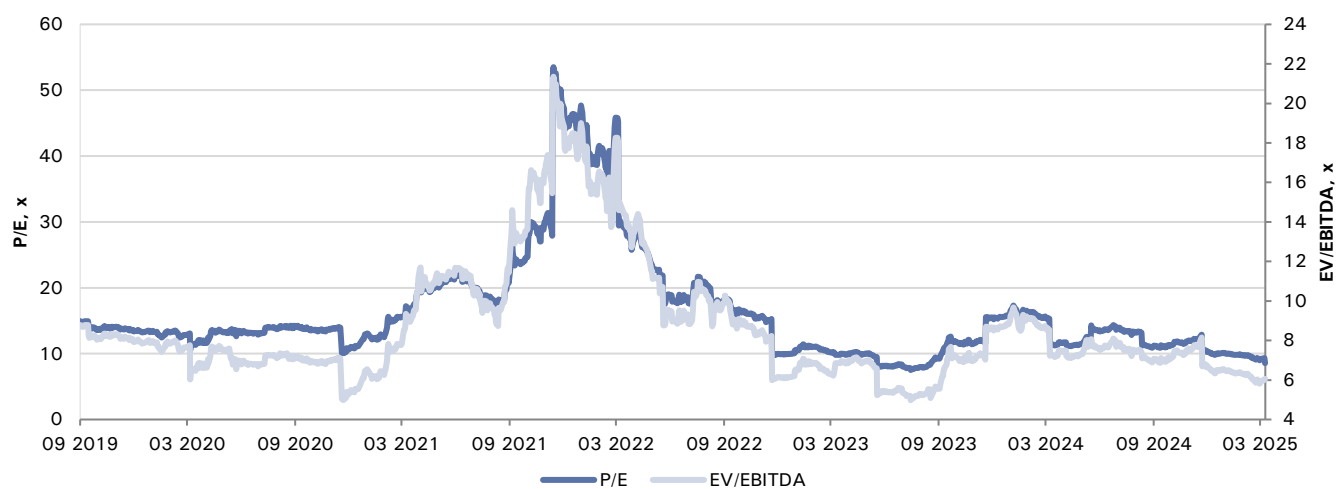


Illustration 4. Current Rating Percentage from Freedom Broker for KASE securities

Recommendation	Quantity	Percentage
Buy	8	80%
Hold	1	10%
Sell	1	10%

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Rating system

- Buy: A stock that, at the time of rating, is expected to increase in price by more than 20 percent over the next 6-12 months.
 - Hold: A stock that, at the time of rating, is expected to move in price in the range of minus 10 percent to plus 10 percent over the next 6-12 months.
 - Sell: A stock that, at the time of rating, is expected to decline in price by more than 10 percent over the next 6-12 months.
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