

RECOMMENDATION

**Buy**

**JSC «KEGOC» (KEGC)**

Upside: **32%**

Target Price: **1 930 KZT**

Last price: **1 457 KZT**

**STOCK MARKET**

**DCF**

**Kazakhstan | Electric Power**



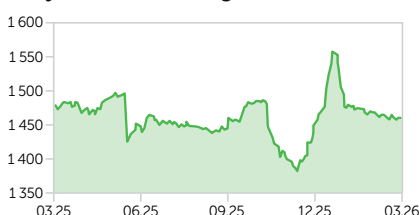
FLASHNOTE/UPDATE

**KEGOC: Q4 2025 Results**

Revenue, 6M '25 (billion KZT)	<b>398</b>
EBITDA, 6M '25 (billion KZT)	<b>152</b>
Net Income, 6M '25 (billion KZT)	<b>71</b>
Net Debt, 6M '25 (billion KZT)	<b>71</b>
<hr/>	
P/E, 6M '25 (x)	<b>5,7x</b>
P/BV, 6M '25 (x)	<b>0,5x</b>
P/S, 6M '25 (x)	<b>1,0x</b>
EV/EBITDA, 6M '25 (x)	<b>3,1x</b>
ROA (%)	<b>6,2%</b>
ROE (%)	<b>8,9%</b>
EBIT Margin (%)	<b>24%</b>
EBITDA Margin (%)	<b>38%</b>

Market cap (billion KZT)	<b>402</b>
Shares issued (million units)	<b>275,3</b>
Free float (%)	<b>15%</b>
52-week min/max (KZT)	<b>1 375–1 563</b>
Current price (KZT)	<b>1 457</b>
Target Price (KZT)	<b>1 930</b>
Upside (%)	<b>32%</b>
Investment horizon	<b>6-12 months</b>
Planned price update frequency	<b>quarterly</b>

**Stock dynamics / exchange/ticker** KEGC/KASE



Yield (%)	3 months	9 months	12 months
Absolute	1%	0%	-1%
vs KASE	-9%	-9%	-40%

**Orazbayev Daniyar, CFA**

Investment Analyst

(+7) 727 311 10 64 (688) | orazbayev@affin.kz

**KEGOC JSC Publishes Financial Results for Q4 2025.** We assess the report as **moderately positive**: record quarterly revenue amid a sharp tariff hike since October was accompanied by a recovery in margins after several quarters of decline, and net profit more than doubled year-on-year (YoY) for the quarter. For the full year 2025, revenue grew by 24 % YoY to KZT 397.7 billion, net profit by 19 % YoY to KZT 70.8 billion, and EPS reached KZT 257. The expected dividend yield reaches a solid 10 %. However, we note several risks that could limit further growth: uncertainty regarding approval of a new five-year tariff schedule, the upcoming unfreezing of utility tariffs, and a large-scale investment cycle that will increase the debt burden. The updated target price per share is KZT 1,930, offering a 32 % upside potential from current levels. **Recommendation: Buy.**

**Key Valuation Factors.** The main catalyst is the ongoing tariff growth. Since 1 October 2025, tariffs for all major services have been significantly increased: transmission: +42 % YoY, use of the National Electric Grid (NEG): +43 % YoY, dispatching: +30 % YoY, balancing: +34 % YoY; another, albeit smaller, increase is expected from April 1, 2026. KEGOC is already considering further tariff hikes, but the key risk remains the approval of the new five-year tariff schedule in an environment where the government is concerned about inflation, which could limit future revenue growth. In addition, the freeze on utility tariffs slowed the growth of technological electricity loss costs, positively affecting margins. However, the planned unfreezing from April 1 and the already observed increase in electricity tariffs in February (+3 %) may offset this effect in the coming quarters. We also note fairly low current price multiples and a solid dividend yield of 10 %. The main structural risk is the large-scale investment cycle. Capital commitments at the end of 2025 amounted to KZT 643 billion (vs KZT 434 billion a year earlier). The company is implementing two major projects: strengthening the Southern Zone of the Unified Energy System (UES) - ~ KZT 154 billion, and integrating Western Kazakhstan with the UES - ~ KZT 202 billion. Both projects are scheduled for completion in 2027. Borrowing to finance these projects will increase the debt burden and financial expenses, limiting the potential for dividend growth over the next two to three years.

**Revenue: Record Quarter Thanks to October Tariff Hike.** Quarterly revenue reached an all-time high of KZT 118.9 billion (+36% YoY,

+24% QoQ). The largest revenue item, NEG usage services, grew by 49% YoY due to a 43% tariff increase and a 4.3% volume increase. Transmission revenue increased by 20% YoY: the tariff rose by 42%, but volumes declined by 16% YoY. Dispatching services grew by 37% YoY thanks to a 30% tariff hike and a 5% volume increase. Balancing revenue rose by 45% YoY. On the downside, revenue from balancing electricity sales fell by 16% YoY. For the full year 2025, revenue totaled KZT 397.7 billion (+24% YoY), largely driven by NEG usage services. Overall quarterly electricity turnover in Kazakhstan grew by 6.1% YoY due to increased production.

**Margins: Reversal after Several Quarters of Decline.** Unlike Q2 and Q3, Q4 showed a notable improvement in profitability. Quarterly gross Margin rose to 33.2% from 26.9% a year earlier. Cost of Sales increased by only 24% YoY while revenue grew by 36%. Stabilisation of technological electricity loss costs (+18% YoY vs +50% in Q3) due to the utility tariff freeze played a key role. Electricity procurement costs for cross-border flows decreased by 21% YoY. Wage growth slowed from 20% to 15% YoY. Depreciation and amortisation increased by 5% YoY. As a result, quarterly EBITDA reached KZT 48.4 billion (+49% YoY). EBITDA Margin hit 40.7% vs 37.1% a year earlier. Quarterly Net Profit more than doubled (+106% YoY) to KZT 25.6 billion, or KZT 93.2 per share. Net Margin rose to 21.6% from 14.2%. For 2025, EBITDA totaled KZT 152.2 billion (+19% YoY) with an EBITDA Margin of 38.3%. Net Profit reached KZT 70.8 billion (+19% YoY). Thus, H2 was highly profitable, with EPS reaching KZT 132.8 and dividends expected to be at least KZT 80 per share. Quarterly Free Cash Flow grew by 41% YoY thanks to a 46% YoY increase in operating cash flows, despite a 51% YoY rise in quarterly capital expenditures.

**Our Opinion and Changes to the Valuation Model.** The Q4 report was expectedly positive and confirms our investment thesis: KEGOC continues to demonstrate steady income growth thanks to improved regulatory tariffs, and the margin recovery addresses a key concern from previous quarters. In the valuation model, we have updated all key financial metrics based on full-year 2025 actuals. WACC was notably reduced due to falling yields on Kazakh government bonds from 17.1% to 15.1%, which had the most positive impact on the valuation. We slightly increased the forecast for electricity consumption and imports in the country. After all adjustments, the updated target price per KEGOC share reached **KZT 1,930**, implying a **32% upside potential. Recommendation: Buy.**

APPENDIX

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

Changes	Date of valuation		Growt, %	Remarks
	19-NOV-2025	19-MAR-2025		
WACC, %	17.2%	15.9%	+1,3 p.p	Increase in yield of 10-year government bonds of the Republic of Kazakhstan on the market
Energy consumption and imports - forecast for 2026, kWh billion	1312	133.7	+1.9%	Strong actual growth of capital expenditures in the 2nd quarter

Illustration 2. Previous recommendations and target prices by Freedom Broker.  
(B - "buy", H - "hold", S - "sell")

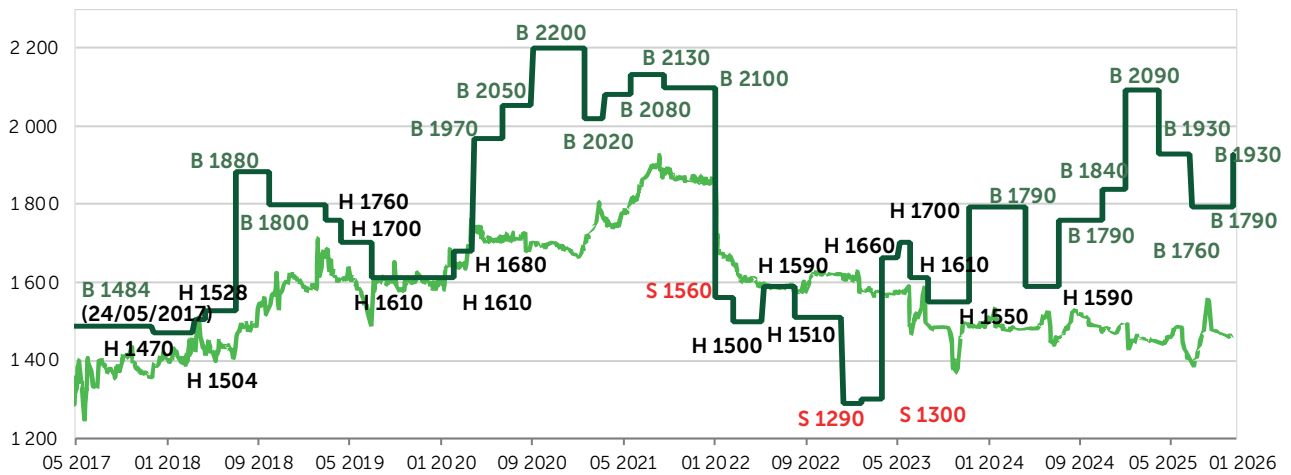


Illustration 3. Figure 3. P/E and EV/EBITDA price multiples based on Freedom Broker's calculations

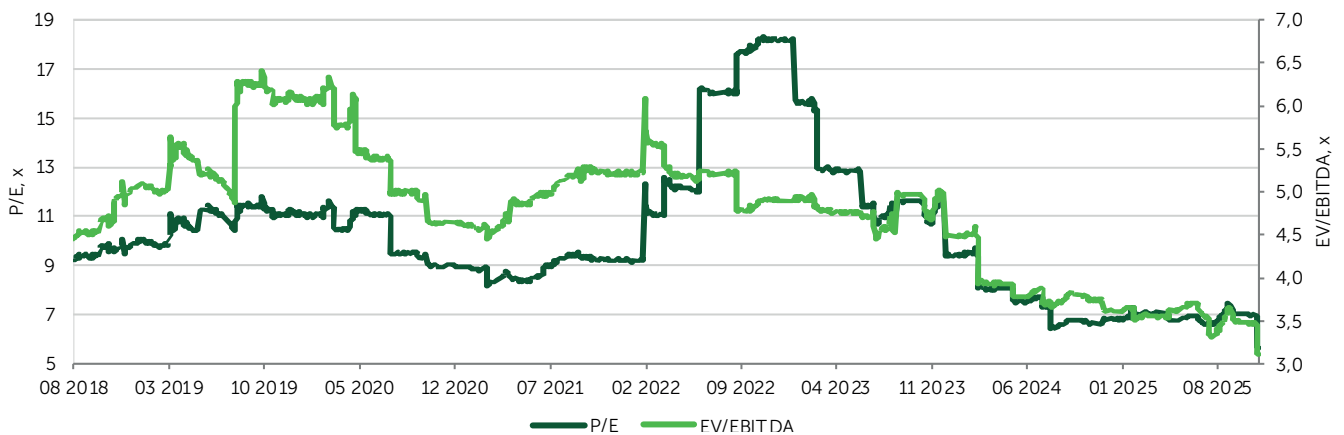


Illustration 4. Figure 4. Percentage of current Freedom Broker ratings for KASE index companies

Recommendation	Quantity	Percentage
Buy	4	40%
Hold	5	50%
Sell	1	10%

License <https://ffin.global/licence/>

Public company \* Freedom Finance Global PLC» (hereinafter referred to as the Company) provides brokerage (agency) services in the securities market on the territory of the Astana International Financial Center (AIFC) in the Republic of Kazakhstan. Subject to the requirements, conditions, restrictions and / or instructions of the current AIFC legislation, the Company is authorized to carry out the following regulated activities under License No. AFSA-A-LA-2020-0019: investment transactions as a principal, investment transactions as an agent, investment management, providing investment advice and organizing investment transactions. The information and materials posted in this section are for reference and informational purposes only, addressed to Freedom clients Finance Global PLC is not an individual investment recommendation, is not an offer to invest in shares of various companies.

The materials contained in this document are of a reference and informational nature with respect to the object of investment research (hereinafter referred to as the Issuer), and are addressed to current retail and potential retail clients of the Company. The information contained in this document has been obtained from publicly available sources and is considered reliable by the author(s), however, the author(s) make no warranties or representations, express or implied, regarding its accuracy or completeness. The information is not intended to be used as a basis for making any investment decisions by any individual or legal entity. This information does not constitute an investment recommendation, nor is it an offer or solicitation to buy or sell any security.

Owning securities and other financial instruments is always associated with risks: the value of securities and other financial instruments may rise or fall. Past investment results do not guarantee future income. In accordance with the law, the company does not guarantee or promise future investment returns, does not guarantee the reliability of possible investments and the stability of possible income.

#### Disclosure of information

- The author(s) or member of his/her family of this report have no financial interest in the securities of the Issuer
- The author(s) or their family member(s) of this report are not aware of any conflicts of interest that could influence the content or publication of this report.
- The author(s) or a member of his/her family of this report do not have a sufficient amount of the Issuer's securities in their personal portfolio to have a significant impact on the quotes in the event of their sale.
- The order of subordination of the author(s) and his/her/their remuneration does not lead to a conflict of interest
- The Company and its related person do not hold 1% or more of the total issued share capital of the Issuer
- The Company and its related person do not act as a corporate broker for the Issuer.
- The Issuer does not have a significant stake in the Company's share
- The Company may be a market maker in relation to the Issuer's shares. A detailed list of financial instruments is available on the website of the Kazakhstan Stock Exchange at this link: <https://kase.kz/ru/membership/SEVEN/>

#### 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.