

## RECOMMENDATION

# Buy

## JSC «Kazatomprom» (KZAP)

Upside: **22%**

Target Price: **25,000 KZT**

Last price: **20,550 KZT**
[flashnote/update](#)

## STOCK MARKET

DCF

Kazakhstan | Nuclear Power

# Kazatomprom: Results for the 1<sup>st</sup> quarter 2025



Revenue, 3M '25 (billion KZT)	214
EBIT, 3M '25 (billion KZT)	40
Net Income, 3M '25 (billion KZT)	26
Net Debt, 3M '25 (billion KZT)	-277

P/E, norm. 3M '25 (x)	9.5x
P/BV, 3M '25 (x)	1.8x
EV/S, 3M '25 (x)	2.9x
EV/EBITDA, 3M '25 (x)	6.8x
ROA, norm. (%)	21%
ROE, norm. (%)	39%
EBIT Margin (%)	30%
Net Margin, norm. (%)	12%

Market cap (billion KZT)	5,330
Shares issued (million units)	259
Free float (%)	25%
52-week min/max (KZT)	16,080 – 21,390
Current price (KZT)	20,550
Target Price (KZT)	25,000
Upside (%)	22%
Investment horizon	6-12 months
Planned price update frequency	Quarterly

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


Performance (%)	3 months	9 months	12 months
Absolute	10%	-3%	10%
vs KASE	10%	-4%	-2%

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JSC Kazatomprom released its financial report for Q1 2025. Revenue declined due to a shifted delivery schedule and a lower selling price. Against this backdrop, operating margin also fell. However, the company demonstrated strong growth in free cash flow. In our valuation model, we improved the cash position and slightly raised the uranium price forecast and the cost of capital. As a result, our valuation of Kazatomprom's shares increased to 25,000 KZT, implying an upside potential of 22% from the current KASE price. Recommendation — "Buy".

(=) **Revenue declined due to a shifted schedule.** The company's Q1 revenue amounted to 214 bln KZT, down 21% YoY. The main reason was the absence of uranium product sales this year, while last year this item contributed 49 bln KZT. Revenue from natural uranium also declined by 7.8% YoY due to a 7% drop in consolidated sales volumes and a 13% YoY decline in the average USD selling price. At the same time, total uranium production rose by 11% YoY. A stronger USD partially offset the decline in tenge-denominated revenue.

(=) **Margin decreased amid weak revenue.** Compared to last year, gross margin declined from 37.5% to 35.7%, driven by revenue falling faster than cost of sales. The EBITDA margin fell more significantly — from 46.6% to 35.5% — mainly due to a 76% YoY drop in net income from associates and joint ventures. Adjusted net income attributable to shareholders amounted to 25.7 bln KZT (-35% YoY), or 99 KZT per share. The decline was also due to a 130% YoY increase in negative FX differences amid a stronger tenge in Q1.

**Our opinion and valuation model changes.** Kazatomprom's report can be seen as neutral: shifted uranium sales and a lower selling price led to a decline in revenue and margins compared to 2024. On the other hand, we highlight a 48% YoY increase in free cash flow — driven by deferred payments from clients for Q4. In the valuation model, we improved the cash position and slightly increased the uranium price forecast for 2025 and the WACC. As a result, our target price for Kazatomprom shares stands at **25,000 KZT**, with **22% upside** from the current market price. Recommendation — "Buy".

## Appendix

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

Changes	Date of valuation		Change, %	Comments
	26.03.2025	06.06.2025		
Uranium spot price, 2025, \$/lb	70	72	+ 2.9%	Recent actual U3O8 spot price decrease
Net cash, billion KZT	145	277	+ 91%	High cash accumulation rate in Q1 2025
WACC, %	11.5%	11.7%	+ 20 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")

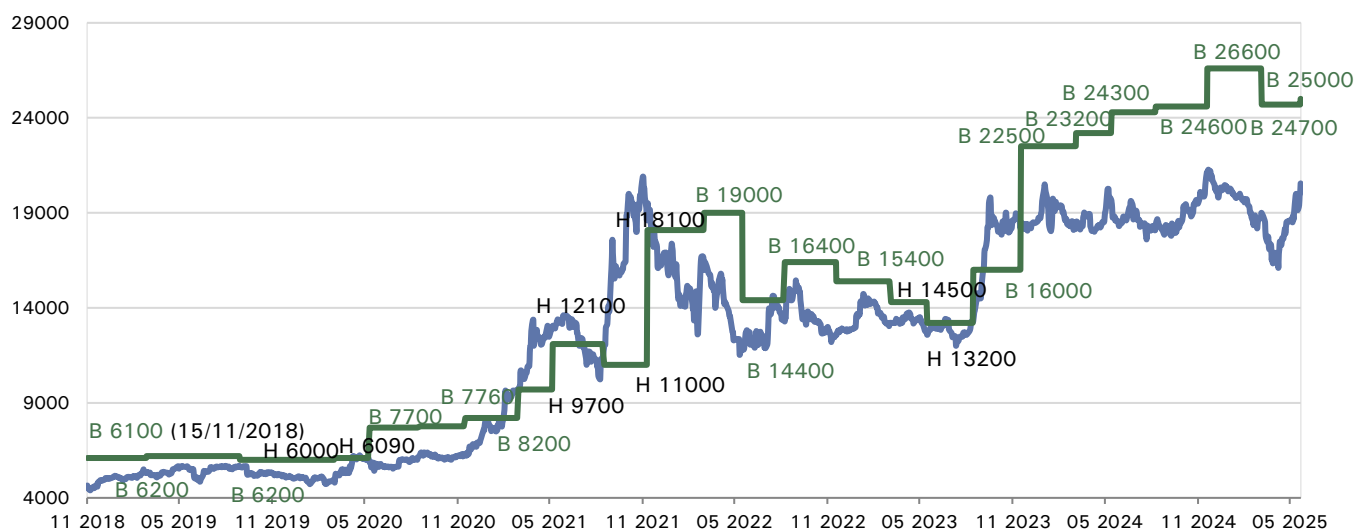


Illustration 3. P/E and EV/EBITDA multiples according to Freedom Broker estimates

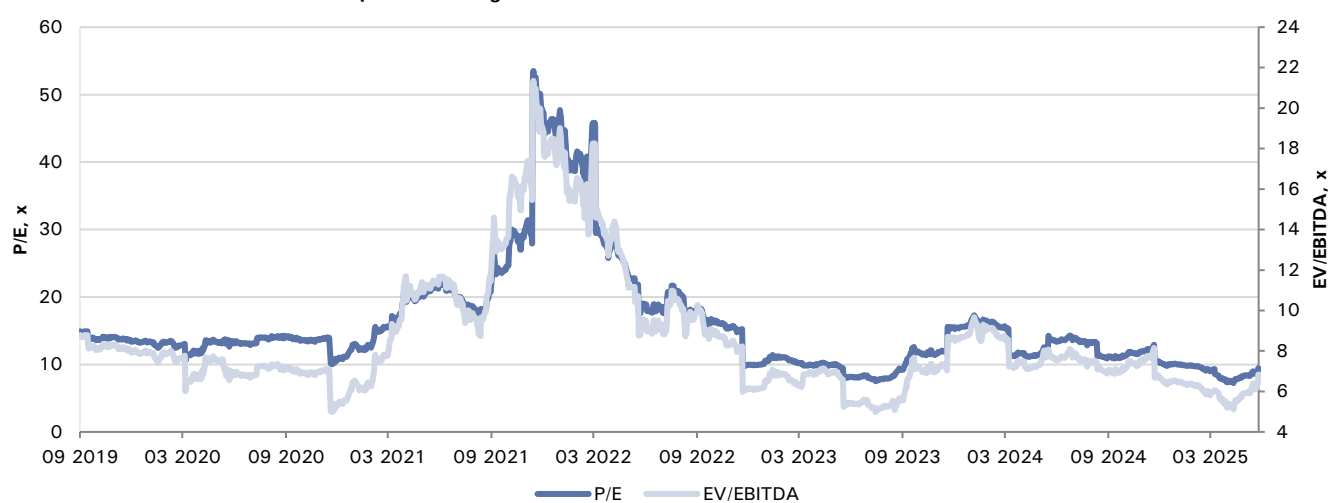


Illustration 4. Current Rating Percentage from Freedom Broker for KASE securities

Recommendation	Quantity	Percentage
Buy	7	70%
Hold	2	20%
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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