

The Board of Directors of KTO recommends a dividend of T104/share

Altynay Ibraimova — April 26, 2019

KazTransOil decided to pay 100% of its net profit for 2018 (T38.5bn) and part of retained earnings of previous years (T1.5bn) for dividend payment, which corresponds to the size of the dividend at T104/share. The AGM will take place on May 28th.

Our view

The news is negative for the stock value. In 2018, taking into account the separate profit of T52bn, keeping the expectations of paying all dividend income and expecting the company to pay about 4% of retained earnings, we estimated the dividend rate at T162.3/share. We do not trace a causal relationship in the decision of the Board of Directors of the KTO to break the trend towards an increase in dividend payments. The dividend policy of the company, on the basis of which we build the dividend forecast, has not changed. Nevertheless, the recommended dividend is 36% lower than our expected level. Our target price, calculated on the basis of DCF, is relevant and amounts to T1582/share.

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