

Polymetal: Upgrade of recommendation

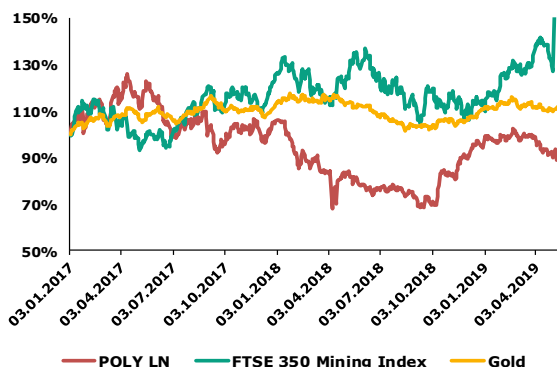
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17 May 2019

POLY LN	
Ticker	
Recommendation	Buy
Current price GBP / share (17.05.2019)	811
Target price (12 months), GBP/share	940
Upside potential	16%
POLY RX	
Ticker	
Recommendation	Buy
Current price RUB/share (17.05.2019)	670
Target price (12 months), RUB/share	837
Upside potential	8,9%
Number of ordinary shares, mn	469
Average daily turnover for 3M, thous USD	9 744
Free float	64%
Market capitalization, mn USD	5 139
Major shareholders:	
Mr Alexander Nesis	27,4%
BANK OTKRITIE FINANCIAL CORP	11,6%
Mr Petr Kellner	6,9%
BlackRock Inc	5,6%

Financial indicators, mn USD	2019F	2020F	2021F
Revenue	2 043	2 206	2 338
EBITDA	871	967	1 077
Net income	402	495	589
EPS	0,86	1,05	1,25
Equity	1 598	1 846	2 140
Net debt	1 797	1 672	1 452
Multiples	2019F	2020F	2021F
Net debt/EBITDA	2,1	1,7	1,3
Net debt/Equity	1,1	0,9	0,7
EV/Sales	3,8	3,5	3,3
EV/EBITDA	8,9	8,0	7,2
P/E	12,8	10,4	8,7
P/B	3,2	2,8	2,4
ROE	25%	27%	28%
Price dynamics	POLY LN	FTSE 350 mining	
1M	-8%	-6%	
3M	-7%	1%	
12M	12%	7%	
Max 52 weeks	894	21 136	
Min 52 weeks	597	15 608	



Sources: Company data, Halyk Finance, Bloomberg

Polymetal's shares showed strong growth at the end of 2018 due to the backdrop of a positive trend in gold prices, a slowdown in the interest rates of the Fed and turbulence in stock markets. However, the worsening forecasts for the growth of the global economy, geopolitical conflicts and the expectation of positive results of trade negotiations between the United States and China had a negative impact on the value of precious metals and on the Company's share prices, which had been falling since the beginning of 2019. Based on this correction, as well as the stable fundamental and production results of Polymetal for 2018, we note the Company's investment attractiveness and the ability to generate positive cash flows, which bring significant profits to shareholders in the form of dividends. Considering the Company's focus on high-grade assets and an increase in the resource base, we raise our recommendation from Hold to **Buy Polymetal** and 12M TP from 860 GBP/share to **940 GBP/share**.

Stable dynamics of financial and production indicators. Polymetal's revenue increased by 4% y/y for 2018, reaching USD1,882 mn, due to the successful withdrawal of the Kazakh field Kyzyl to its design capacity. Total annual production increased in gold equivalent by 9% y/y to 1,562 mn oz, exceeding the production plan for 2018. Polymetal confirms operational forecasts for 2019-2020 in the volume of 1,55 mn and 1,6 mn oz of gold equivalent.

Reduction in cash cost of production. The company predicts a decrease in cash costs in 2019 in connection with the sale of non-core assets with a high level of costs and with the first year of operation of Kyzyl on project indicators. Total cash costs will be USD600-650 per oz of gold equivalent (-7% y/y), and all-in sustaining cash costs will drop to USD800-850 per oz of gold equivalent (-8% y/y).

Ensuring long-term growth. Kyzyl is a promising growth component in the medium term with low production costs and capital investments. In the long term, the Company will be able to increase production by 18% by the end of 2023 due to the launch of the Nezhda deposit and POX-2.

Successful listing on the AIFC (AIX). We note that due to the secondary placement on AIX in 2Q2019 the Company's shares have become more attractive and accessible to local investors, which is favorable for expanding the Company's share base.

Positive trends in the precious metals market. According to consensus forecasts, the dynamics of prices for metals sold is positive on the forecast horizon of 2019-2025. The average annual price increase for precious metals such as gold (+ 2%) and silver (+ 4%) will positively affect the Company's revenue. According to the World Gold Council, the increase in gold reserves by central banks and active investment in gold by India and China, which together make up 50% of the global demand for gold, will maintain a positive impact on the price of the metal in 2019.

Buy recommendation with 940 GBP/share 12M TP. The increase in production due to new deposits and projected prices for precious metals in the period from 2019-2025 will provide significant support for Polymetal's financial performance. The projected dividend yield of the Company will be 6% in 2019 relative to the current price.

Figure 1. Financial results in 2018-2017, USD mn

	2018	2017	y/y
Revenue	1 882	1 815	4%
Adjusted EBITDA	780	745	5%
Adjusted EBITDA margin	41,4%	41,0%	
Total cash costs, \$/oz	649	658	-1%
All-in sustaining cash costs, \$/oz	861	893	-4%
Net income	355	354	0,3%
Adjusted net income	447	376	19%
Net debt	1 520	1 420	7%
Net debt/adjusted EBITDA	1,95	1,91	2%
Capex	344	383	-10%
Free cash flows	176	143	23%

Source: Company Data

Figure 2. Revenue by enterprises in 2018-2017, USD mn

	2018	2017	y/y
Dukat	379	405	-6%
Omolon	231	266	-13%
Mayskoye	115	139	-17%
Albazino/Amursk	406	350	16%
Svetloye	169	138	22%
Okhotsk	115	142	-19%
Varavara	178	154	16%
Kyzyl	94	-	NA
Voro	134	155	-14%
Kapan	61	66	-8%
Total	1 882	1 815	4%

Source: Company Data

Results overview for 2018

At the end of 2018, the Company increased revenue by 4% y/y to USD1,882 mn. The Company's total cash costs (TCC) decreased by 1% y/y to USD649 per oz of gold equivalent. The Company's all-in sustaining cash costs (AISC) reached USD861 (-4% y/y) per oz of gold equivalent. Over the reporting period, adjusted EBITDA increased by 5% y/y to USD780 mn, the EBITDA margin of was 41,4% in 2018 against 41% in 2017. The Company's net profit amounted in 2018 to USD355 mn (+0,3% y/y), while adjusted net income increased by 19% y/y to USD447 mn, which was caused by an increase in EBITDA, a decrease in depreciation costs and income tax expenses. As of December 31, 2018, the Company's net debt was equal to USD1,520 mn versus USD1,420 mn as at December 31, 2017.

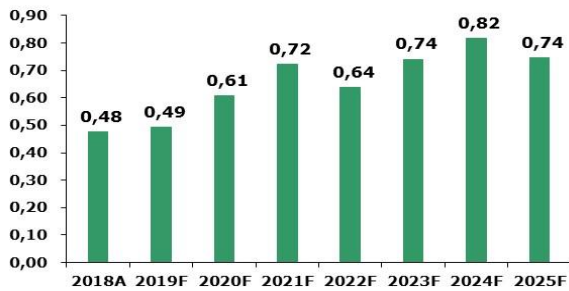
Polymetal revenue growth in 2018 by 4% y/y was mainly provided by an increase in sales in gold equivalent (+5% y/y). Growth in revenue at the Albazino/Amursk (+16% y/y), Svetloye (+ 22% y/y) and Varavara (+ 16% y / y) deposits compensated for the decrease in revenue at Mayskoye (-17% y/y), Omolon (-13% y/y), Voro (-14% y/y). The average selling price of gold in 2018 slightly decreased by 2% y/y from last year (USD1,226 per oz of gold equivalent in 2018 against USD1,247 gold equivalent in 2017). The average selling price of silver decreased by 8% y/y due to the fact that most Polymetal sales were in 2H2018, when silver market prices were lower. Gold sales increased 10% y/y to 1,198 mn oz, while silver sales fell 3% y/y to 25,7 mn oz. The share of gold in total revenue increased from 75% in 2017 up to 78% in 2018, which is associated with changes in sales volumes.

In 2018, the Company's TCC amounted to USD649 per oz of gold equivalent (-1% y/y), which is less than the lower value of the initial cost estimate of USD650-700 per oz of gold equivalent. The weakening of the Russian ruble against the US dollar (the average exchange rate was 66 RUBUSD in 2H2018 compared to 59,3 RUBUSD in 1H2018) and high production results (improved operating indicators at Mayskoye and Kyzyl launch) had a positive impact on the level of costs, offsetting domestic inflation. At Kyzyl, TCC amounted to USD554 per oz of gold equivalent, which is significantly lower than the average for the Company. The Company's AISC for the reported period decreased and amounted to USD861 (-4% y/y) per oz of gold equivalent, which is also less than the lower forecast value of the Company's costs of USD875-925 per oz of gold equivalent. It is expected that in 2019 both indicators will decrease due to Kyzyl's first full year of operation at project indicators and at the expense of sales in 2018 of small deposits with high costs. In 2018 capital expenditures amounted to USD344 mn, a decrease of 10% y/y, mainly due to the completion of construction at Kyzyl.

At the end of 2018 and at the beginning of 2019, the Company sold a 100% stake in the Khakadzha deposit and completed the sale of Kapan, which is part of the Company's strategy for selling small assets with a short lifespan. In 2H2018, Polymetal increased its share to 74,3% in Veduga gold deposit with reserves of 1,4 mn oz and gold content of 4,8 g/t, and also completed a deal to exchange the Russian Tarutinskoye deposit with an 85% share in the East-Tarutinskoye deposit in Kazakhstan, which is a supplement to the Varavara enterprise.

Dividends. In accordance with the revised dividend policy, the Company pays out total dividends in the amount of 50% of the Company's adjusted net profit, while respecting the

Figure 3. Actual and projected Polymetal's dividends for the period 2018-2025, USD/share



Source: Company data, Halyk Finance forecast

Fig 4. Polymetal production for 2018-2017 broken down by deposits, GE koz

	2018	2017	y/y
Kyzyl	96	-	NA
Dukat	306	322	-5%
Albazino/Amursk	308	269	14%
Mayskoye	117	124	-6%
Omolon	195	202	-3%
Voro	107	120	-11%
Varvara	142	130	9%
Svetloye	136	106	28%
Okhotsk	104	111	-6%
Kapan	51	50	2%
Total	1 562	1 434	9%

Source: Company data

Fig 5. Polymetal production by quarters with breakdown by deposits, GE koz

	1Q2019	1Q2018	y/y
Kyzyl	78	-	NA
Dukat	78	79	-1%
Albazino/Amursk	81	90	-10%
Mayskoye	5	-	NA
Omolon	53	31	71%
Voro	27	26	4%
Varvara	38	35	9%
Svetloye	9	8	13%
Total (ongoing operations)	369	269	37%
Okhotsk	-	13	NA
Kapan	5	12	-58%
Total (including discontinued activities)	374	294	27%

Source: Company data

Figure 6. Polymetal forecast for 2019

Production, GE koz	1 550
Total cash costs, USD/GE oz	600-650
All-in sustaining cash costs (AISC), USD/GE oz	800-850
Capex, mn USD	380
Gold, USD/oz	1 200
Silver, USD/oz	15
RUBUSD (average)	65
Brent oil, USD/barrel (average)	70

Source: Company data

ratio of net debt to adjusted EBITDA below the established threshold value of 2.5x. The board of directors proposed to pay the final dividend in the amount of USD0,31 per share (USD146 mn), which is 50% of the adjusted net profit for 2H2018. Thus, the total amount of dividends declared for 2018 amounted to USD223m or USD0,48 per share. We expect Polymetal dividends on the 2019 results amount to 0,49 USD/share (~ 0.37 GBP/share at a consensus rate of GBPUSD 1.35 for 2019), which represents a dividend yield of 6% of the current price (811 GBp/share as of 16.05.2019).

Review of production results for 2018 and 1Q2019

In 2018, Polymetal's production amounted to 1,562 mn oz of gold equivalent (+ 9% y/y), which corresponds to the annual production plan for 2018 in the amount of 1,55 mn oz of gold equivalent. At 2018, the Company produced 1,216 mn oz of gold (+ 13% y/y) and 25,3 mn oz of silver (-6% y/y). The Kyzyl, Komar, Svetloye and Albazino/Amursk fields made a key contribution to the achievement of high production rates.

A significant increase in gold production was observed at the Svetloye up to 136 koz of gold (+ 28% y/y) due to a large amount of dumping, which compensated for a decrease in the average grade. At Albazino/Amursk, the level of gold production was 308 koz, which is 15% y/y higher than in 2017 and is associated with an increase in processing volumes. Production at Varvara amounted to 142 koz in gold equivalent, an increase of 9% y/y, due to an increase in processing volumes due to an increase in the volume of ore transportation from Komar deposit. In Kyzyl, annual production reached 96 koz, which made a significant contribution to the achievement of the Company's performance. The over-fulfillment of indicators is associated with a softer overburden, as well as with the presence in the production of small ore lenses with high contents.

In 1Q2019, production increased by 27% y/y, amounting to 374 koz in gold equivalent due to project performance indicators (78 koz) and recovery level (89%) at Kyzyl. Production related to continuing operations grew by 37% y/y to 369 koz in gold equivalent.

Update on stocks and resources. In 2018, the Company's ore reserves increased by 15% y/y and are estimated at 24 mn of gold equivalent. The main reasons were the conversion of resources into reserves at Mayskoye and the completion of the updated estimate for Nezhda after complete consolidation. Gold reserves increased by 21% y/y to 22,3 mn oz, and silver reserves decreased by 15% y/y to 135 mn oz. Mineral resources increased by 44% y/y to 26.3 mn oz in gold equivalent due to the initial assessment of Prognoz and Kyzyl deposits, as well as the updated estimate for Nezhda. According to the updated assessment of reserves and resources, the life of Nezhda increased to 25 years and Kyzyl to 22 years.

Development projects

On November 29, 2018, Polymetal completed the acquisition of the remaining 82,3% stake in the Nezhda gold deposit, construction of which began in Q12019. The start of production is scheduled for the 4th quarter of 2021, while the full ramp-up is planned in the 2nd quarter of 2022. Initial capital expenditures prior to the start of production are estimated at USD302mn. According to the updated feasibility study, mineral resources increased by 1.6 mn oz, amounting to 12,4 mn oz of gold equivalent with an average grade of 4,5

g/t gold equivalent. Ore reserves increased by 2,4 mn oz and amounted to 4,4 mn gold equivalent with an average grade of 3,6 g/t gold equivalent. Average annual production is expected to be at the level of 180 koz of gold in the first three years of operation of the field and 155 koz of gold intended for sale during the first fifteen years of production at the mine.

In February 2019, the Company approved the construction of the POX-2, which will significantly improve the economic performance of gold ore processing by increasing the extraction of gold and reducing the cost of processing and transportation. In the future, the company will also allow processing of the concentrate produced at Kyzyl, Nezhda, Voro and Mayskoye, as well as purchased raw materials, without resorting to third-party supply contracts, particularly to China. The launch and achievement of the project indicators of the enterprise is expected in 3Q2023. According to the Company's forecasts, the construction of the enterprise will reduce operating costs, including transportation costs, by ~ 260-350 USD/ton and will increase the levels of gold extraction by ~ 5-6%.

In 1H2018, Polymetal completed the acquisition of a 100% share of the silver deposit Prognoz. Prognoz is the largest undeveloped primary silver deposit in Eurasia. In December 31, 2018, mineral resources in accordance with the JORC code are estimated at 256 mn oz of silver with a content of 789 g/t and 2% lead. The results of the feasibility study are expected by the end of 2020.

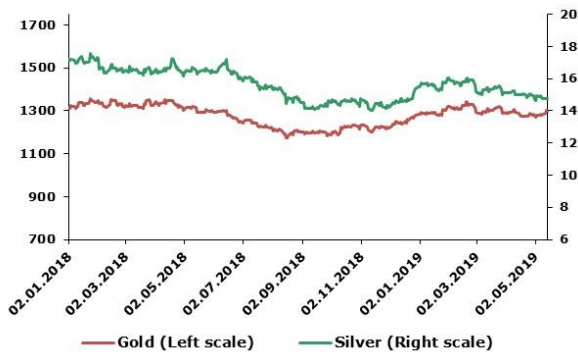
Viksha is the first project of the platinum group metals (PGM) of the Company and one of the largest platinoids in the world, containing approximately 9.5 mn oz in palladium equivalent. Polymetal plans to complete a feasibility study on ore reserves in 2019. We do not include the project Viksha in our forecast.

Review of precious metals market

In 2018, changes in the US dollar exchange rate, Fed rates and geopolitical conflicts have largely influenced the price movements of gold and silver. Since the beginning of 2018 gold prices showed an upward trend, reaching in January 2018 peak value of USD1,359 per oz. However, in 3Q2018, amid the strengthening of the US dollar and the aggravation of the trade conflict between the US and China, the price of gold fell to an annual minimum of USD1,174 per oz. After some softening of the trade conflict, the price of gold won back and at the end of 2018 amounted to USD1,282 per oz. In general, the average price of gold for 2018 amounted to USD1,269 per oz, an increase of 1% from 2017.

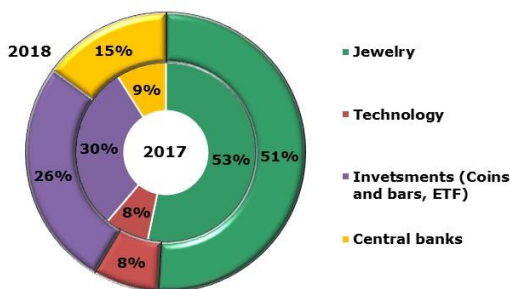
According to a report on trends in demand for gold in 2018 of World Gold Council, in 2018 demand for gold increased by 5% compared with 2017 and reached 4,399 tons. The upward trend was mainly driven by demand from several central banks, which increased gold reserves by 74% compared with 2017. Demand for bars and coins rose by 5% y/y, helped by low gold prices in 2H2018 and increased volatility in stock markets. There was also a slight demand from the industrial sector, which was due to an increase in the production of consumer electronics and electric vehicles in the automotive sector. Demand from the jewelry industry has not changed much since 2017 and remains weak. The annual inflow of investments in ETFs (exchange-traded funds) fell by 66% y/y due to a significant outflow of investments in US stock markets.

Fig 7. Dynamics of gold and silver prices from the beginning of 2018, USD/oz



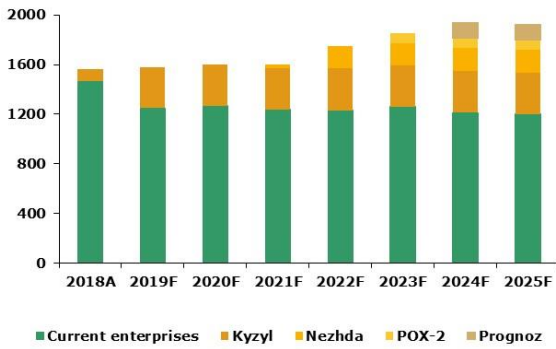
Source: Bloomberg

Figure 8. Demand for gold by category in 2017-2018



Source: World Gold Council, 1Q2019

Fig 9. Forecast of Polymetal production in the period 2018-2025, GE koz



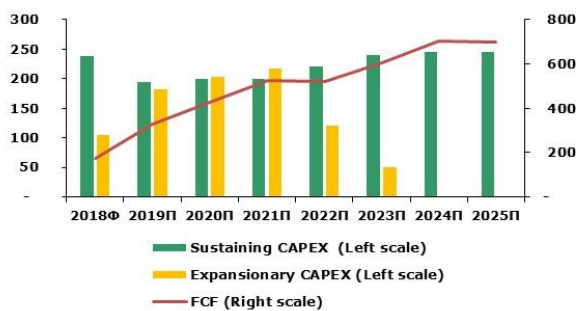
Source: Company data, Halyk Finance forecast

Fig 10. Forecast of prices for metals in the period 2019-2025

	2018A	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Gold, \$/oz	1 226	1 315	1 367	1 324	1 328	1 355	1 382	1 354
Silver, \$/oz	14,8	16,0	17,1	16,8	18,6	19,5	19,5	19,1

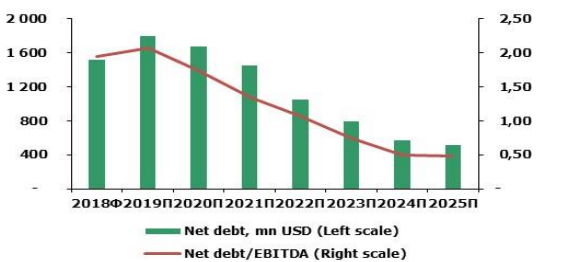
Source: Company data, Halyk Finance forecast

Fig 11. Polymetal's CAPEX and free cash flows in the period 2018-2025, USD mn



Source: Company data, Halyk Finance forecast

Fig 12. Polymetal net debt, net debt/EBITDA for the period 2018-2025



Source: Company data, Halyk Finance forecast

Fig 13. 12M TP estimation, mn USD

	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Revenue	2 043	2 206	2 338	2 386	2 527	2 740	2 667
EBIT	590	674	772	674	762	834	765
" + Depreciation "	280	293	305	309	307	301	295
" - Income taxes "	80	99	118	104	121	133	122
" - Capital expenditures "	377	403	417	341	291	245	245
" - Change in working capital "	82	38	15	15	53	51	5
Free cash flows	331	427	527	523	604	705	699
WACC	10%						
Свободные денежные потоки (PV)	301	352	395	356	373	395	356
Terminal value (PV)	4 470						
Enterprise value (EV)	7 753						
" - Net debt "	1 797						
Market value of equity	5 956						
Number of shares, mn	469						
12M TP, GBp/share	940						

Sources: Halyk Finance

During 2018 silver prices generally followed the dynamics of gold prices. Price at the end of 2018 remained almost unchanged compared with the level of 2017 - USD15,5 per oz.

Update of recommendation

The revised components of our model are the increase in metal prices (gold, silver), currency exchange rate forecasts (RUBUSD and KZTUSD) and oil prices, production figures, capital expenditures for maintaining and expanding production, investment in exploration at the Viksha and Prognoz deposits.

According to forecasts, gold and silver prices will develop in a positive trend in the period 2019-2025, which will favorably affect the increase in the Company's revenues.

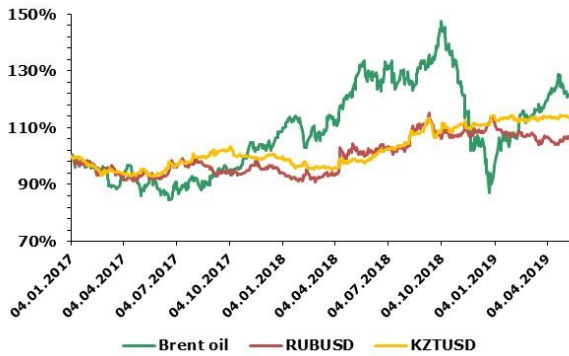
Beginning from 2021, decrease in the volume of ore processing, recovery rates and metal average grade processed in the ore at current enterprises are expected to decrease. We expect to achieve project performance in Kyzyl in 2019-2020 and an increase in production in the long term due to the launch of the POX-2 in 2023 and Nezhda in 2022. We also include in our calculations Prognoz field, which in the long run will be replaced by Dukat silver mine. Supporting capital expenditures will amount to ~ USD1,544 mn in the period from 2019-2025. We forecast TCC of production in 2019 at the level of ~ 605 USD/oz, AISC at the level of ~ 845 USD/oz.

According to 2018 results, the Company's total and net debt amounted to USD1 899 mn and USD1 520 mn, respectively. On December 31, 2018, the net debt to adjusted EBITDA ratio was 1.95x (at the threshold set by the lenders, which is below 3.25x). Polymetal predicts significant capital expenditures in 2019-2022 in connection with the launch of projects Nezhda, POX-2 and a preliminary assessment of the Prognoz and Viksha fields, which, according to our calculations, will lead to refinancing of loans in the forecast horizon of 2022-2025. Despite the growth of base rates, the average cost of debt, according to our calculations, remains low at 4.4%.

When calculating the value of the share capital (WACC), we applied a risk-free interest rate in foreign currency equal to 5.1%; Polymetal's adjusted beta value of 0.72; the average market yield for Russia is 15.7% and the risk premium is 7.7%. The cost of equity and after-tax debt are 12.7% and 3.5%, respectively. According to our calculations, WACC is 10%. We take into account the Company's long-term growth rate of 2% after 2025. We expect EBITDA of USD871mn with EBITDA margin of 43% in 2019 (2020: USD967mn with an EBITDA margin of 44%).

According to DCF, our target price is **940 GBp/share**.

Fig 14. Dynamics Brent, RUBUSD, KZTUSD rate from the beginning of 2017



Source: Bloomberg

It is expected that the main positive effect of the growth projects will be in 2022-2024, when Nezhda and POX-2 achieve the project indicators. Capital investments in the two projects of the Company will be approximately USD680 mn in the period from 2019-2023. The costs associated with exploration (Viksha and Prognoz) will be USD95 mn.

Risks

The main risks for the Company are the decline in gold prices, the rise in oil prices, the strengthening of the RUB and KZT rate, and an increase in the cost of financing for the Company and the delay in launching the Nezhda and POX-2 projects in the long term.

According to the Company, operating expenses directly depend on RUB (45%), KZT (15%), USD (25%) and oil (15%). Considering that the Company receives income in US dollars, and takes into account expenses in rubles and tenge, the strengthening of currencies (RUB and KZT) may adversely affect the Company's expenditure. According to the consensus forecast of Bloomberg, it is expected that oil prices will not show significant growth in the medium term (the average price is 69.25 USD/barrel in the period 2019-2020). Consequently, we hold the view that a significant strengthening of the ruble and tenge against the dollar is unlikely.

Tightening US monetary policy, rising dollar interest rates, exacerbating the trade conflict between the United States and China, as well as reducing volatility in stock markets can put significant pressure on the value of gold.

We separately single out the risk of an increase in the cost of debt financing for Polymetal, which will lead to an adjustment in its value. Changes in interest rates may affect the Company's financial performance, since a large portion of the liabilities portfolio (51%) denominated in US dollars is a floating rate loan. In addition, the need to finance projects (Nezhda and the POX-2) makes the Company dependent on the availability of currency funding.

Appendix 1. Polymetal financial statements pro forma, USD million, excluding share data

Profit and Loss Statement	2016A	2017A	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Revenue	1 583	1 815	1 882	2 043	2 206	2 338	2 386	2 527	2 740	2 667
COGS	846	1 106	1 096	1 185	1 251	1 279	1 402	1 446	1 565	1 560
Gross profit	737	709	786	858	955	1 059	984	1 081	1 175	1 108
General and administrative expenses	120	158	175	189	200	204	224	231	250	249
Other Expenses	36	44	75	77	80	82	84	87	90	92
Share in JV	-	3	1	1	1	1	1	1	1	1
Operating income	581	510	535	590	674	772	674	762	834	765
Loss on disposal of subsidiaries	-	-	-54	-	-	-	-	-	-	-
Contingent liabilities	-22	2	7	-	-	-	-	-	-	-
Revaluation of the initial share in the acquisition / merger of companies	-	-	41	-	-	-	-	-	-	-
Exchange difference	65	10	-40	-	-	-	-	-	-	-
Financial expenses	63	63	8	22	8	9	9	10	10	11
Financial income	3	4	-71	-85	-72	-56	-39	-27	-23	-25
Profit (loss) before tax	564	443	426	483	594	707	626	725	801	729
Taxes	169	89	71	80	99	118	104	121	133	122
Net profit	395	354	355	402	495	589	521	604	667	608
Number of shares, mln.	428	430	469	469	469	469	469	469	469	469
Earnings per share (EPS)	0,92	0,82	0,76	0,86	1,05	1,25	1,11	1,29	1,42	1,29
Balance sheet	2016A	2017A	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
PP&E	1 805	2 054	2 426	2 523	2 633	2 745	2 778	2 762	2 706	2 656
Goodwill and intangible assets	17	18	15	15	15	15	15	15	15	15
Investments	25	96	2	2	2	2	2	2	2	2
Long-term loans	10	15	6	10	10	9	10	10	10	10
Long-term inventory	113	123	95	110	109	105	108	108	107	108
Deferred tax assets	38	61	73	57	64	65	62	63	63	63
Total non-current assets	2 008	2 367	2 617	2 718	2 834	2 941	2 975	2 959	2 903	2 853
Cash	48	36	379	102	110	117	119	126	137	133
Short Term Investments	-	-	-	269	237	190	0	12	121	430
Receivables	70	71	81	88	95	101	103	109	118	115
Accounts receivable, VAT	61	96	95	84	92	90	89	90	90	89
Inventory	493	514	537	581	613	626	687	709	767	764
Advances	49	44	52	48	48	49	49	49	49	49
Assets held for sale	-	-	74	-	-	-	-	-	-	-
Total current assets	721	761	1 218	1 172	1 196	1 174	1 046	1 094	1 282	1 580
Total assets	2 729	3 128	3 835	3 890	4 029	4 115	4 021	4 054	4 184	4 433
Share capital	2 022	2 052	2 438	2 438	2 438	2 438	2 438	2 438	2 438	2 438
Shares buyback liabilities	-	-	-	-	-	-	-	-	-	-
Currency translation reserve	-1 241	-1 151	-1 599	-1 599	-1 599	-1 599	-1 599	-1 599	-1 599	-1 599
Retained earnings	200	406	540	741	989	1 283	1 544	1 846	2 180	2 484
Non-controlling interest	0	0	18	18	18	18	18	18	18	18
Total shareholders equity	981	1 307	1 397	1 598	1 846	2 140	2 401	2 703	3 037	3 341
Long-term loans	1 280	1 430	1 782	1 782	1 519	1 069	723	454	600	550
Deferred tax liabilities	78	77	152	152	152	152	152	152	152	152
Other long-term liabilities	103	100	83	83	83	83	83	83	83	83
Total long-term liabilities	1 461	1 607	2 017	2 017	1 754	1 304	958	689	835	785
Short-term loans	98	26	117	117	263	500	446	469	104	100
Accounts payable	133	135	146	158	167	170	187	193	208	208
Contractual obligations	-	-	100	-	-	-	-	-	-	-
Shares buyback liabilities	-	-	-	-	-	-	-	-	-	-
Other current liabilities	56	53	58	-	-	-	-	-	-	-
Total current liabilities	287	214	421	275	430	670	662	662	312	308
Total liabilities	1 748	1 821	2 438	2 292	2 184	1 974	1 620	1 351	1 147	1 093
Total liabilities and shareholders equity	2 729	3 128	3 835	3 890	4 029	4 115	4 021	4 054	4 184	4 433
Statement of cash flows	2016A	2017A	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Cash flow from operating activity	530	533	513	418	922	1 168	950	869	443	595
Cash flow from investing activity	-401	-477	-379	-377	-403	-417	-341	-291	-245	-245
Cash flow from financing activity	-134	-67	224	-318	-510	-745	-607	-571	-188	-354
Net change in cash	-5	-11	358	-277	8	7	2	7	11	-4
Cash at the beginning of the period	52	48	36	379	102	110	117	119	126	137
The impact of changes in exchange rates	1	-1	-15	-	-	-	-	-	-	-
Cash at the end of the period	48	36	379	102	110	117	119	126	137	133

Sources: Company data, Halyk Finance

Appendix 2. Brief description of the Company.

Polymetal is one of the leading gold and silver mining companies in the Russian Federation. Total production in 2019, according to the Company, it will be 1,55 mn in gold equivalent. The main part of the production capacity is concentrated in the territory of the Russian Federation. The assets of the Company have projects in Kazakhstan that are at different stages of implementation.

Polymetal International PLC was established in July 2010 as the holding parent company of Polymetal, and registered on Fr. Jersey. On November 2, 2011, the Company's shares were included in the official list of securities of the UK Listing Authority and admitted to trading on the main floor of the London Stock Exchange. As a result of the initial public offering (IPO), the Company raised 763 mn USD.

According to the latest data, the main shareholders of Polymetal are Mr. Alexander Nesis (27.44%), Fodina B.V. (11.63%) and Otkritie Financial Corporation Bank (6.93%).

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