

# Letter from the Chairman of the Management Board of KEGOC

102-14

Dear readers:

Despite the challenges of 2020, not only for KEGOC,  
but also for the country and the world.



**BAKYTZHAN KAZHIYEV**  
CHAIRMAN OF THE MANAGEMENT  
BOARD KEGOC JSC

Despite the challenges of 2020, not only for KEGOC, but also for the country and the world, the Company was doing its best to implement all tasks assigned by its shareholders and the Board of Directors according to KEGOC's Development Strategy and we managed to achieve good results for the year. The team had to work under the growing threat of coronavirus infection. In order to minimise its spread, a large portion of the team has switched to teleworking. At the same time all employees retained the same wages and bonuses and continued receiving all

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the financial support stipulated in the Collective Agreement.

Also, in the reporting period, a new Collective Agreement for 2021-2025 was concluded between KEGOC and employee representatives, which was brought in line with new amendments to the Labour Code and regulations of the Republic of Kazakhstan, as well as the Sectoral Agreement in the field of energy.

It should be noted that our staff showed self-discipline and understood the need for self-isolation, and even in such circumstances did everything possible to ensure that KEGOC, as the organisation responsible for the viability of the country, would ensure the reliable operation of the UPS to maintain uninterrupted transmission of electricity to industrial enterprises and electricity supplying organisations. The personnel completed the repair campaign according to the schedule and KEGOC received the certificate of readiness for operation in the autumn-winter period 2020-2021 on time.

**At the same time, the Company, in successful collaboration with the power systems of the neighbouring states, were engaged in controlling the parallel operation, ensuring stable operation of the Kazakhstan power system, which is one of the Company's top priorities.**

As a result, KEGOC provided the following services in 2020: electricity transmission in the amount of 46.2 billion kWh, or 5% more than in 2019; technical dispatch

in the amount of 99 billion kWh (102%). The amount of electricity generation-consumption balancing services in 2020 was 192.9 billion kWh, or 2.2% higher than in 2019.

Net income for the year was more than KZT 53.5 billion, up 31.2% on 2019.

KEGOC's strong financial position is clearly evidenced by the Company's share price. In 2020, the market price per KEGOC share reached a historic high of KZT 1,756, up almost 3.5 times the price of its initial public offering (KZT 505). For the Company, respecting and realising shareholders' rights and interests is the key. **E.g., in 2020, the Company paid dividends twice to the total amount of more than KZT 32.7 billion.**

In the reporting year, an important area of operations was the implementation of investment projects aimed at improving the reliability of the National Power Grid of Kazakhstan. These include the rehabilitation of 220-500 kV overhead lines at Aktyubinskiye MES, Zapadnye MES and Sarbaiskiye MES branches of KEGOC, and West Kazakhstan Electricity Transmission Reinforcement Project.

As part of "Digital Kazakhstan" state programme KEGOC has started to build smart grids and continues the successful implementation of the Business Transformation Programme together with the central team of the Samruk-Kazyna JSC.

In the context of COVID-19 pandemic, the issue of support for domestic producers

has become acute. I am pleased to note that KEGOC is among Samruk-Kazyna's portfolio companies, whose long-term partners are domestic commodity producers. The Company also successfully cooperates with the Disabled Society, from whom it traditionally purchases workwear for operation staff that meets modern requirements.

In 2020, the Company's employees demonstrated a high level of social and labour relations within the team despite the pandemic. As a result, the Social Stability Index (acc. Samruk Research Services) of KEGOC operation personnel in 2020 was 91% and the Engagement Index of the administrative and managerial staff was 90%.

In 2021, we intend to continue the implementation of major investment projects, carry out all scheduled maintenance work on overhead lines and substation equipment in a timely manner and obtain a certificate of readiness for the autumn-winter period in 2021-2022. An important area of work will be the implementation of optimisation projects (REVEX) aimed at improving the efficiency of our Company's operations. In addition, we will be introducing a Process Indicator Management System in 2021.

I am confident that in the coming year, KEGOC will achieve all of its goals based on the considerable experience of its administrative and operational staff, the financial stability of the Company and the application of best practices.

98.63

WWP, %

108.44

EBITDA, KZT BILLION

9.48

ROACE, %

5.21

SML, MIN.

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