



30-45/180

25.04.2023

سفارة
جمهورية كازاخستان
لدى دولة الإمارات العربية المتحدة
Embassy
of the Republic of Kazakhstan
to the United Arab Emirates

تهدي سفارة جمهورية كازاخستان في دولة الإمارات العربية المتحدة أطيب تحياتها إلى وزارة الخارجية والتعاون الدولي لدولة الإمارات العربية المتحدة (إدارة الشؤون الاقتصادية)،

وتتشرف أن ترفق طيه معلومات حول مشروع استثماري "إنتاج الأسمدة الفوسفورية في محافظة جامبيل" (في جنوب كازاخستان) متاح للمستثمرين الأجانب.

وبهذا الصدد، تغدو السفارة ممتنة لو تفضلت الوزارة الموقرة بنقل المعلومات حول المشروع المذكور أعلاه إلى الجهات والشركات المختصة بالدولة، بما في ذلك إلى اتحاد غرف التجارة والصناعة بدولة الإمارات العربية المتحدة، وذلك لإقامة اتصالات معها وإجراء المفاوضات ذات الصلة (الشخص المنسق بالسفارة: علي سييلخانوف، الهاتف - +971545933677).

وتنتهز السفارة هذه الفرصة لتعرب للوزارة الموقرة عن فائق احترامها و تقديرها.

المرفق: على 7 صفحات.






إلى وزارة الخارجية والتعاون الدولي
لدولة الإمارات العربية المتحدة
أبوظبي

1679

«PRODUCTION OF PHOSPHORUS FERTILIZERS IN ZHAMBYL REGION»

2023

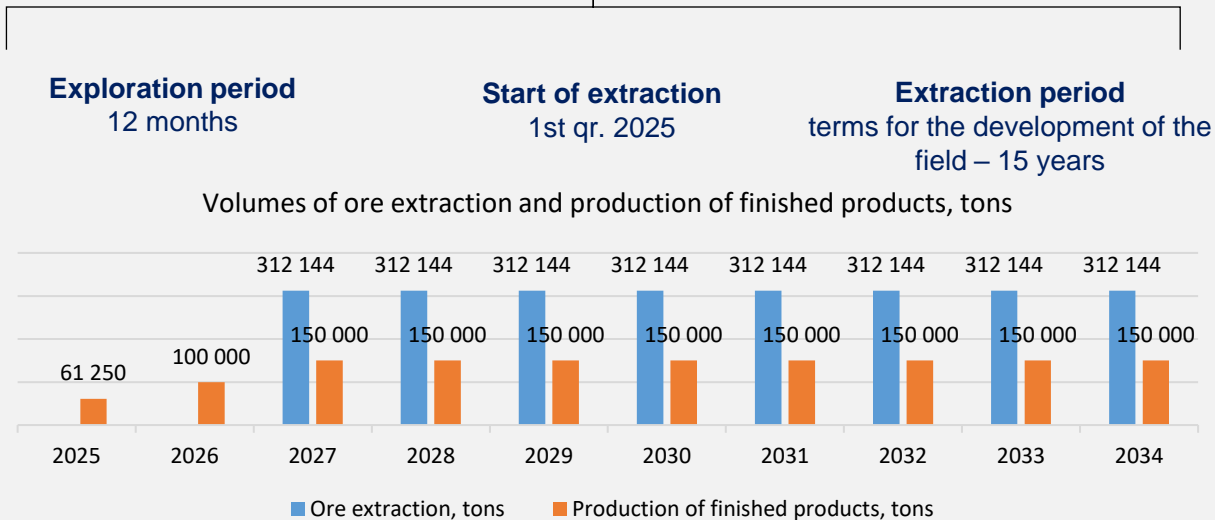
Project Description

	Location	Zhambyl region, Karatau phosphorous basin 7-30 km from Karatau.
	Raw material	Phosphoric ore and flour
	Capacity	312 thousand tons/year

THE ESSENCE OF THE PROJECT

Organization of extraction of phosphoric ore at its own deposits with further processing into phosphoric flour and phosphoric acid for the production of mineral phosphoric fertilizers (SSP, DSP, IDA, NPS).

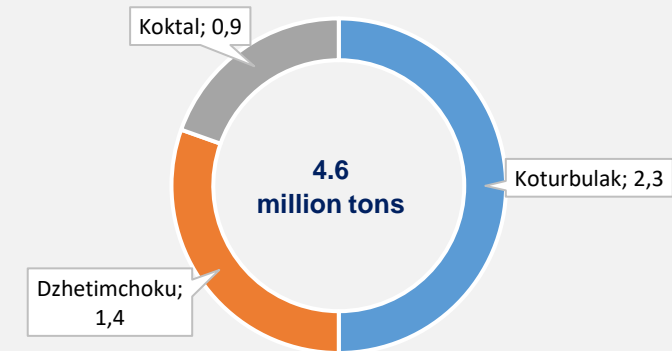
TERMS OF WORK



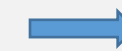
INFORMATION ABOUT DEPOSITS

- Planned resource base: location in the Karatau phosphate basin, 4.6 million tons of ore with a P₂O₅ content of 27%, which is enough for 15 years of production;
- The right to subsurface use will be valid for 25 years with the right to extend for another 25 years;
- Low production cost – 20 USD/ton;
- Advantageous location relative to sales markets (Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan);
- All forecast reserves are calculated to a depth of 120 m.

Forecast reserves of deposits, million tons



PROJECT STATUS



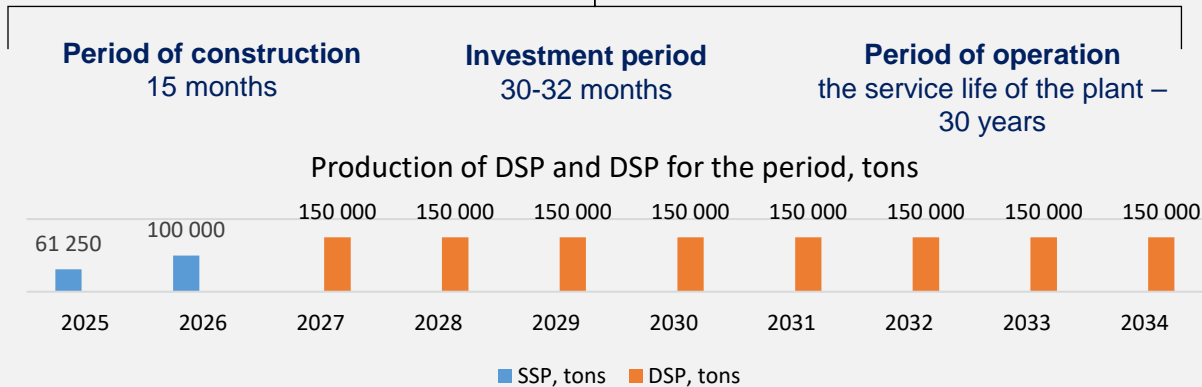
- Relevant environmental conclusions have been obtained (EIA, EPS);
- A contract for geological exploration has been concluded, start of exploration April 2023.

	Location	Zhambyl region, Talas district.
	Product	SSP/DSP/MAP/NPS/DAP
	Capacity	150 thousand tons
	Raw material	phosphoric flour, sulfuric acid (ammonia in the future)
	Launch dates	2021-2025

THE ESSENCE OF THE PROJECT

Construction and commissioning of a plant for the production of phosphorus/complex fertilizers with a capacity of 150 thousand tons per year.

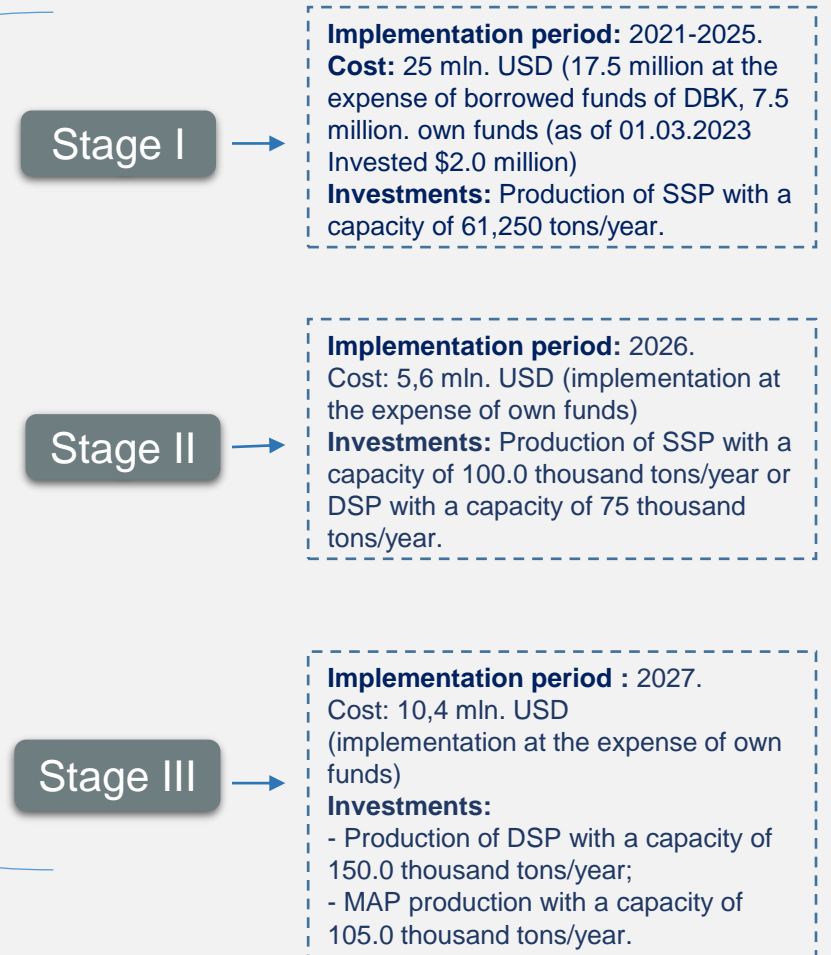
TERMS OF WORK



PROJECT STATUS

1. The main technical solutions (basic design) have been developed.
2. The plant is being designed.
3. The design and estimate documentation for the infrastructure is being prepared.
4. The plot for the construction of the plant has been leveled, fenced.
5. Temporary electricity has been supplied for construction and the road.
6. Equipment purchased (10%).

PHASED LAUNCH OF PRODUCTION

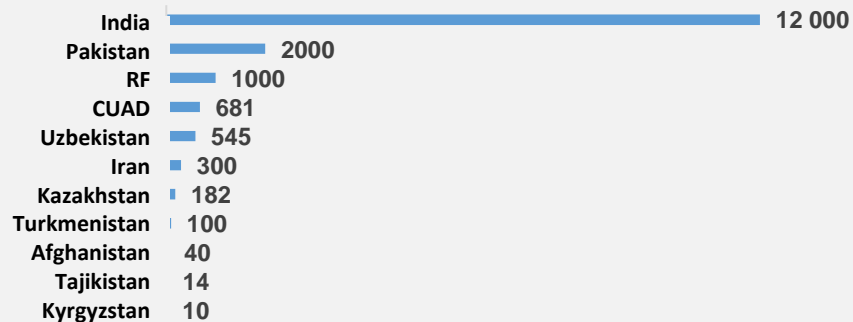


Go to Market

Target sales markets

The market capacity for phosphorus fertilizers is 16.9 million tons

thousand tons



Logistics routes (Railway, auto, sea)



Railway, auto:

- Kazakhstan;
- Uzbekistan;
- Kyrgyzstan;
- Tajikistan;
- RF;
- Turkmenistan;
- China

Railway, sea:

- India;
- Iran;
- Pakistan

Import volume in target markets for 2022

Country	Import volume, mln. \$	Import volume, thousand tons	Share of imports in consumption	Quantity of competitors	Average import price, \$
Kazakhstan	30,0	42,0	23,1	4	714,3
Uzbekistan	45,5	78,5	14,4	3	580,0
Kyrgyzstan	6,0	10,0	100%	2	600,0
Tajikistan	8,6	14,0	100%	3	620,0
Afghanistan	6,0	10,0	100%	3	600,0
Russian Federation	44,0	70-80,0	8%	8	580,0
Pakistan	760,0	800,0	40%	14	950,0
Iran	186,0	200,0	66%	10	930,0
India	6840,0	7200,0	60%	28	950,0
Total	7920,1	8434,5			

Competitive environment in the Central Asian market

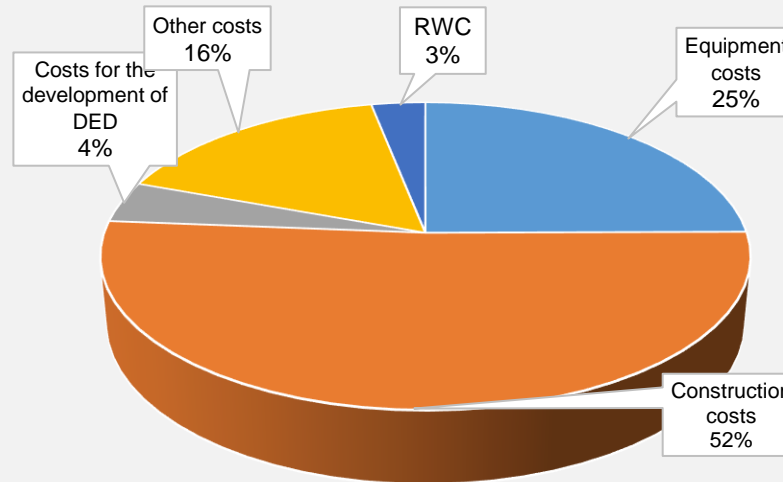
Company name	Country	Product	Capacity, thousand tons	Competing market
Kazphosphate	Kazakhstan	MAP 10:46	1000,0 (50% loaded)	Kazakhstan, Uzbekistan, RF, CUAD, Afghanistan
Ammofos-Maxam	Uzbekistan	MAP 10:46, Сунрефос	471,0 (41% loaded)	Uzbekistan, Tajikistan, Kyrgyzstan, Afghanistan
INDORAMA KOKAND FERTILIZERS	Uzbekistan	Сунрефосфат	350,0 (71% loaded)	Uzbekistan, Tajikistan, Afghanistan
EuroChem	Russian Federation	MAP 12:52, NPS	560,0	Kazakhstan, India, Iran, Pakistan.
PhosAgro	Russian Federation	MAP 12:52, NPS	2500,0	Kazakhstan, India, Iran, Pakistan.
Turkmenabat Chemical Plant named after S.A.Niyazov	Turkmenistan	Superphosphate	350,0 thousand tons (25%)	Turkmenistan, Uzbekistan, Kyrgyzstan

FINANCIAL INDICATORS OF THE PROJECT

Project performance Indicators	Meaning
Calculation (planning) horizon	13 years
Gross sales volume, USD	1 307 013 202
Gross profit, USD	739 568 001
Net profit, USD	546 819 306
Gross profit margin (EBITDA)	56,6%
Net profit margin	41,8%
Initial investment, USD	25 000 000
Discount rate (WACC)	15,63%
ARR (Average Rate of Return)	123,5%
NPV (net present value), USD	182 467 754
IRR (Internal rate of return)	32,6%
MIRR (modified internal rate of return)	29,2%
ROI (Return on Investment)	21,9
Pi (Return on Investment Index)	7,3
PP (Non-discounted payback period, years)	5,8
DPP (Discounted payback period, years)	6,3
Tax deductions to the budget, USD	134 848 142

Project Cost
25.0 million US dollars

Target project financing costs, %



PROJECT FINANCING STRUCTURE

- 70% (17,5 mln. USD) – borrowed funds through the «Development Bank of Kazakhstan» JSC.
- 30% (7,5 mln. USD) – own funds.

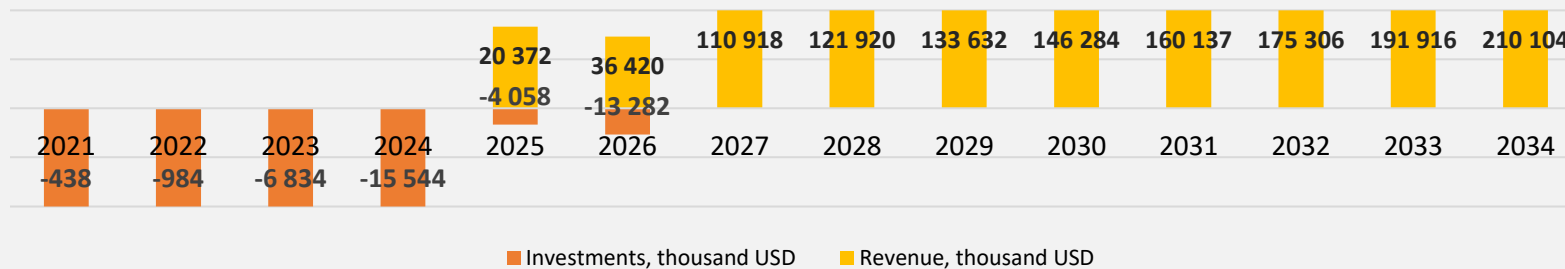
From own funds:

- Invested on 01.03.2023. – **1,5 mln. USD**


The amount of investment required:

- 6,0 mln. USD in monetary terms.
- 6,5 mln. USD as collateral to the bank.


Dynamics of investment and forecast revenue, thousand USD



INVESTMENT PROJECT "PRODUCTION OF PHOSPHORUS FERTILIZERS"

 **Location:** Kazakhstan, Zhambyl region, Talas district

 **Products:** phosphoric flour, phosphoric acid, SSP, DSP, MAP, DAP, MCP, NPS.

 **Production capacity:** 150 thousand tons per year of finished products.

THE ESSENCE OF THE PROJECT

Construction and commissioning of a plant for the production of phosphoric/complex fertilizers with a capacity of 150 thousand tons per year, including the extraction of phosphoric ore with further processing into phosphoric flour and phosphoric acid.

MARKET

- The actual consumption capacity in the target markets is 16.9 million tons per year.
- Imports in the target markets account for 49.7% in the amount of \$7.9 billion of total consumption.
- The potential consumption of the domestic market is 1.5 million tons in the next 10 years against the actual consumption of 200.0 thousand tons today.
- The market of phosphorous fertilizers of the Republic of Kazakhstan today is import-dependent by 52%, estimated at \$150.0 million.
- Until recently, the supply of fertilizers in the market exceeded the demand, but since 2021 there has been a decrease in supply and an increase in demand in the world. The situation is similar in the market of the Republic of Kazakhstan, consumption growth was observed with an increase in imports, for 2016-2021 the import growth rate is 79%.
- Since 2021, fertilizer prices have increased by 2 times due to the COVID-19 pandemic, the conflict in Ukraine, rising prices for raw materials, logistical supply disruptions.



Mining complex

Location: Karatau phosphorous basin, 7-30 km from the city of Karatau.

Start of work: 2021.

Functions: Extraction of phosphorous ore and its processing.

Project Status:

1. Search for new deposits with confirmed and unconfirmed reserves of solid minerals.
2. Exploration work is underway under current licenses.

Main advantages:

1. There are deposits in the Karatau phosphate basin with preliminary reserves of 4.5 M tons.
2. The ability to purchase phosphorus flour up to 150K tons / year (according to needs).
3. A team of highly qualified specialists.

Start of production from the 1st quarter of 2025



Fertilizer Production Plant

Location: Subzone, Karatau, Zhambyl region.

Start of work: 2021.

Functions: Production of phosphoric flour and phosphoric acid.

Fertilizers production: SSP, DSP, MAP, DAP, MCP, NPS.

Sale of finished products for export.

Project Status:

1. The main technical solutions (basic project) have been developed.
2. The plant is being designed.
3. The design and estimate documentation for the infrastructure is being prepared.
4. The area for the construction of the plant has been leveled, fenced.
5. Temporary electricity has been supplied for construction and the road.
6. Equipment purchased (10%)

Main advantages:

1. Offtake for the supply of sulfuric acid (raw materials) from 2026.
2. Guarantees of the supply of communications for 2.2 billion tenge at the expense of the state budget.
3. Proximity to own deposits 7-30 km.
4. Proximity to key sales channels.
5. A team of highly qualified specialists.

Launch of the plant 1 sq. 2025



Distribution company

Location: Head office in Petropavlovsk (North Kazakhstan region), network (representative offices) in Akmola, East Kazakhstan region, Kostanay, Zhambyl, Pavlodar, Karaganda regions.

Start of work: 2019.

Functions: Sale of fertilizers to the domestic market.

Project Status: The sale of imported fertilizers is more than 50 tons/year.

Main advantages:

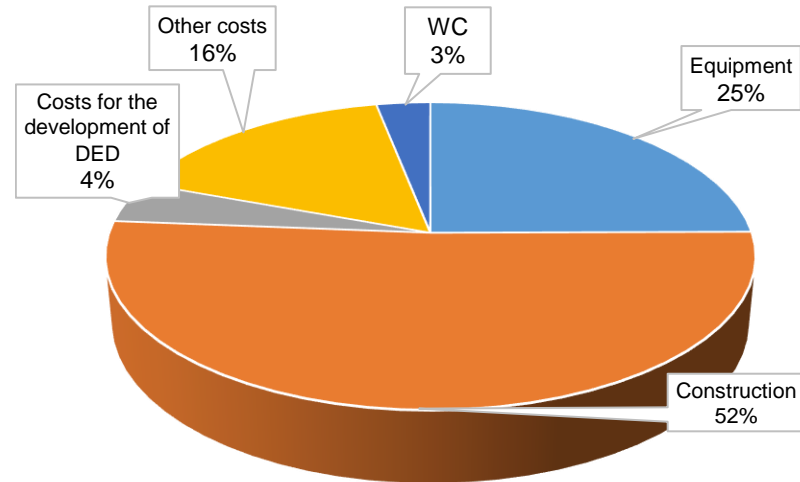
Guarantee of the sale of products to the domestic market.

FINANCIAL INDICATORS OF THE PROJECT

Project performance Indicators	Meaning
Calculation (planning) horizon	13 years
Gross sales volume, USD	1 293 801 523
Gross profit, USD	730 974 654
Net profit, USD	542 975 120
Gross profit margin (EBITDA)	56,5%
Net profit margin	42,0%
Initial investment, USD	25 000 000
Discount rate (WACC)	15,63%
ARR (Average rate of return)	150,9%
NPV (net present value), USD	178 827 824
IRR (internal rate of return)	38,5%
MIRR (modified internal rate of return)	32,3%
ROI (return on investment)	21,7
Pi (Return on Investment Index)	7,2
PP (Non-discounted payback period, years)	4,8
DPP (Discounted payback period, years)	5,0
Tax deductions to the budget, USD	133 916 181

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From own funds :

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The amount of necessary investments:

- 6,0 mln. USD** in monetary terms.
- 6,5 mln. USD** as collateral to the bank.

Dynamics of investments and forecast revenue, thousand USD

