ҚазТрансГаз Аймақ

"ҚазТрансГаз Аймақ"
акционерлік қоғамы

"ҚазТрансГаз Аймақ"
акционерное общество

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АО «Казахстанская фондовая биржа»

Настоящим АО «ҚазТрансГаз Аймақ» (далее - Общество) сообщает, что Международное рейтинговое агентство «Fitch Ratings» присвоило приоритетный необеспеченный рейтинг «BBB-» и национальный приоритетный необеспеченный рейтинг «AA(kaz)» международным облигациям Общества («BBB-»/прогноз «Стабильный») на сумму 5 млрд. тенге с погашением в 2025 г. в рамках программы выпуска среднесрочных облигаций Общества на сумму 30,5 млрд. тенге. Финальные рейтинги присвоены после рассмотрения окончательной документации по облигациям, которая соответствует полученной ранее информации.

Приложение на ___ листах.

Заместитель
Генерального директора **Баталов А.А.**

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ АСТАНА ҚАЛАСЫ АКЦИОНЕРЛІК ҚОҒАМ ҚазТрансГаз Аймақ АКЦИОНЕРНОЕ ОБЩЕСТВО ГОРОД АСТАНА РЕСПУБЛИКА КАЗАХСТАН

0006631

Fitch Ratings

Fitch Assigns KazTransGas Aimak's Notes Final 'BBB-' Rating

Fitch Ratings-Moscow/London-16 October 2015: Fitch Ratings has assigned JSC KazTransGas Aimak's (KTGA, BBB-/Stable) KZT5bn notes due in 2025 issued under KTGA's KZT30.5bn medium-term note programme a senior unsecured 'BBB-' rating and a National senior unsecured 'AA(kaz)' rating. The final ratings follow a review of the final bond documentation conforming to the information already received.

The notes issued under KTGA's medium-term note programme may also be denominated in other currencies. KTGA is using the notes proceeds for general corporate purposes.

KTGA is Kazakhstan's state-owned near-monopoly engaged in domestic natural gas transportation and distribution. KTGA's ratings are aligned with that of KazTransGas JSC (KTG, BBB-/Stable), its immediate parent and Kazakhstan's national gas operator, due to strong parent-subsidiary linkage, eg, financial guarantees that KTG provided for a portion of KTGA's debt, cash equity injections, operational interdependence and a common planning and budgeting process.

We rate KTG one notch below JSC National Company KazMunayGas (NC KMG, BBB/Stable), its ultimate shareholder (see "Fitch Affirms KazTransGas and Subsidiaries at 'BBB-'; Outlook Stable" dated 21 April 2015).

KEY RATING DRIVERS

Near-Monopoly in Domestic Gas

KTGA, a 100% subsidiary of KTG, operates natural gas distribution and supply network in 10 out of 11 Kazakh regions that receive pipeline gas, serving households and industrial consumers. KTGA expects that the gas distribution network in the Almaty region may be merged with the company later this year, pending relevant approvals. In 2014, KTGA supplied 10.3 billion cubic meters (bcm) of natural gas, or 90% of Kazakhstan's domestic consumption. Its revenue reached KZT140bn (USD782m) in 2014, up from KZT108bn in 2013, while Fitch-adjusted EBITDA was KZT8.7bn in 2014, up from KZT6.4bn in 2013.

Full Ratings Alignment

We align KTGA's ratings with those of KTG, as per Fitch's Parent and Subsidiary Rating Linkage. This reflects our assessment of strong operational and strategic, but moderate legal ties between them. As Kazakhstan's national gas operator, KTG maintains and develops the country's domestic and transit gas pipelines and sells natural gas domestically and for export. KTGA is responsible for KTG's domestic operations including domestic gas transportation and sales of marketable natural gas.

Regulated Tariffs

The company's profitability is driven by cost-plus domestic tariffs and regulated gas prices set by Kazakhstan's Committee for Regulation of Natural Monopolies (CRNM) of the Ministry of National Economy. Historically, gas prices have been sufficient for KTGA to maintain adequate profits and finance its capex. We believe that in an event of a prolonged economic recession, CRNM may face pressure to limit further tariff increases, which could force the company to raise its leverage beyond our expectations.

Capex Drives Leverage Up

KTGA's ongoing KZT56bn capex programme in 2015-2016 will be partially debt-funded. We expect the company's funds from operations (FFO) adjusted gross leverage to peak at above 9x in 2015 (end-2014 - 4x) and then gradually decline to about 4x by 2017-2018 on improved FFO generation and debt repayments. The capex programme aims at modernisation and extension of the existing gas distribution network, and will have a moderately positive effect on the company's EBITDA through higher transportation and sales volumes and smaller gas losses.

KEY ASSUMPTIONS

- Moderate growth in gas sales and gas transportation volumes.
- Gas sales and purchase prices increasing 2% in 2016-2019.
- Zero dividend pay-out.
- 2015-2019 total capex of around KZT70bn.

RATING SENSITIVITIES

Future developments that may, individually or collectively, lead to positive rating action include:

- Positive rating action on KTG.
- Positive changes in Kazakhstan's regulatory environment eg, long-term tariffs linked to the asset base.

Future developments that may, individually or collectively, lead to negative rating action include:

- Negative rating action on KTG.
- Weakening ties between KTGA and KTG, eg, if KTG fails to make equity injections into KTGA in the future.
- KTGA's leverage above 6x on a sustained basis, eg, due to an capex increase without a corresponding increase in equity contribution from KTG / the state, or due to lower-than-expected tariffs.

LIQUIDITY

At 30 June 2015, KTGA's short-term debt amounted to nearly KZT2.5bn and was covered by cash and short-term bank deposits of KZT8.2bn. The company's liquidity was supported by undrawn credit lines of nearly KZT45bn at end-August 2015. The company keeps a significant portion of cash and deposits with Kazakh banks rated by Fitch in the mid-to-low 'B' category or are unrated. Fitch recently said that the 15 August devaluation of the tenge is likely to affect both the asset quality and capital ratios of Kazakh banks (see "Devaluation Likely to Hurt Kazakh Banks' Asset Quality" dated 20 August 2015 for more details).

KTGA's debt includes loans from Development Bank of Kazakhstan (DBK, BBB/Stable) for KZT19bn, guaranteed by KTG, and a KZT8.5bn domestic bond. We expect KTGA's gross debt to more than double after the proposed notes are issued and the amount of KTGA's guaranteed debt to decline to around 35% at end-2015 from about 70% at end-March 2015.

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Date of Relevant Rating Committee: 21 September 2015.

Additional information is available on www.fitchratings.com. For regulatory purposes in various jurisdictions, the supervisory analyst named above is deemed to be the primary analyst for this issuer; the principal analyst is deemed to be the secondary.

Applicable Criteria
Corporate Rating Methodology - Including Short-Term Ratings and Parent and Subsidiary Linkage (pub. 17 Aug 2015) (https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869362)

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Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=992431)
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