

# Investment opportunities in the Kyrgyz Republic

Presented by: Interstan Securities, LLC



# Introducing Kyrgyzstan



- Democracy with fair elections
- Open economy from first days of independence
- Investor-friendly laws
- No exchange controls
- Stable currency (Som)
- Developed stock market infrastructure
- Neutrality in global politics
- Reasonably low taxes
- Many investment opportunities available

# Market infrastructure



Two stock exchanges

Central Securities Depository

Links to Euroclear / Clearstream

Commodities exchanges

Broker-dealers, asset managers, funds

Several brokers with a global network

Islamic securities issuance infrastructure

# Expected to go public in 2023



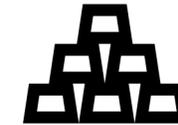
## Manas Airport

A regional air hub both for passenger and cargo flights. Equity already traded on the stock exchange in limited quantity. Major capital influx expected in 2023 from a strategic investor.



## MegaCom

The country's leading telecommunications company showing healthy profits every year. Fully State-owned corporation.



## KyrgyzAltyn

The national holding company for gold mining projects. Mines several tons of gold each year, has strategic partnerships with foreign investors on mines. Holds non-controlling equity stakes in a number of large concessions developed by foreign miners.

# Expected to go public in 2023



## **Kumtor**

The largest gold mine in Central Asia producing over 20 tons of gold a year. Recently coming under full Government control following a settlement with a Canadian corporation.



## **Power Grid Companies**

Kyrgyzstan relies on hydro power to provide electricity in its networks. Several regional power companies deal with power distribution (SeverElectro, JalalAbadElectro).



## **National Development Projects**

A number of infrastructure development and mining projects are to be developed in 2023: the construction of Uzbekistan-Kyrgyzstan- China railroad, development of major mining concessions (gold, iron ore, coal). The Government plans to make stakes in them available to the investing public.

# Among hundreds now traded on the Kyrgyz Stock Exchange

## Kant Cement Factory, PLC



- Supplier of concrete to the construction industry of Kyrgyzstan's northern regions
- Strong dividend history

## KyrgyzTelecom, PLC



- Largest fixed line telecom provider in Kyrgyzstan
- Growth in internet services

## Commercial Bank Kyrgyzstan



- A universal commercial bank with branches across the country
- Kyrgyzstan's banking sector recorder record profits in 2022

## Arpa, PLC



- Producer of legendary local beer, Arpa and other beverages
- Steady growth along with the food sector

# Islamic Finance Hub



- Kyrgyzstan is the pioneer of Islamic securities (*sukuk*) issuance in Central Asia
- Progressive legislation, infrastructure available
- Interest from Gulf investors (e.g., Kyrgyzstan's oldest investment house, Interstan Securities, has a notable UAE equity investor)

# Islamic Finance Hub

## **Sukuk formats available:**

- Islamic leasing certificates (*Sukuk al Ijara*)
- Islamic asset financing certificates (*Sukuk al Istisna*)
- Islamic investment management certificates (*Sukuk al Mudaraba*)
- Islamic investment agency certificates (*Sukuk al Wakala Bi Al Istithmar*)
- Islamic partnership certificates (*Sukuk al Musharaka*)

# Liquidity drivers

## **There are a number of factors contributing to boost the liquidity of Kyrgyzstan's securities market in 2023**

- Scheduled 2023 launch of tax-exempt 'personal investment accounts' for residents (this measure proved a huge success in Russia 10 years ago).
- National post office infrastructure to become points of access to the stock market.
- Sovereign funds active in Kyrgyzstan invited to invest through the stock exchange.
- Launch of Islamic securities issues.

# Interstan Securities, LLC

- Oldest investment firm in the Kyrgyz Republic (est. 1993)
- Global brokerage and custody network
- Access to Euroclear, Clearstream, regional depositories
- Member of the Kyrgyz Stock Exchange, The Stock Exchange of Kyrgyzstan (BTS), Central Securities Depository
- Issuer and issue arranger of Islamic securities
- Interstan Global Venture Fund (Hong Kong), early-stage startup investments
- Interstan Structured Products Ltd. (Hong Kong), structured products & derivatives
- Accepted manager of Swiss-issued asset-backed securities
- Strong M&A record in Kyrgyzstan

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