

## JSC National Company KazMunayGas Financial results for the nine months of 2024

**Astana, 20 November 2024** – Joint-stock National Company KazMunayGas (“KMG” or Company), Kazakhstan's national oil and gas company, published its interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) 34 "Interim Financial Statements" for the three and nine months ended 30 September 2024, with an independent auditor's report on the results of the review of interim financial information.

### Key financial indicators for nine months of 2024<sup>1</sup> compared to nine months of 2023:

- Revenue amounted to 6,349 bln tenge (USD 13,838 mln) compared to 6,088 bln tenge (USD 13,440 mln);
- EBITDA amounted to 1,601 bln tenge (USD 3,490 mln) compared to 1,679 bln tenge (3,706 mln);
- The Company's net profit including share in income of joint ventures and associates amounted to 867 bln tenge (USD 1,890 mln) compared to 946 bln tenge (USD 2,089 mln);
- Net profit adjusted for share in profit of joint ventures and associates<sup>2</sup> amounted to 1,018 bln tenge (USD 2,220 mln) compared to 597 bln tenge (USD 1,317 mln);
- Free cash flow amounted to 1,012 bln tenge (USD 2,207 mln) compared to 458 bln tenge (USD 1,010 mln);
- Gross debt as of 30 September 2024 amounted to 3,819 bln tenge (USD 7,938 mln) compared to 3,757 bln tenge (USD 8,265 mln) as of 31 December 2023;
- The Company's net debt as of 30 September 2024 was at 1,260 bln tenge (USD 2,619 mln) compared to 1,645 bln tenge (USD 3,620 mln) as of 31 December 2023.

Name of the indicator	UoM	9M 2024	9M 2023 <sup>3</sup>	%
Dated Brent <sup>4</sup> , average	\$/bbl	82.79	82.07	0.9%
Dated Urals <sup>4</sup> , average	\$/bbl	72.16	61.00	18.3%
KEBCO <sup>4</sup> , average	\$/bbl	83.21	81.13	2.6%
Exchange rate, average	KZT/USD	458.79	452.97	1.3%
Revenue	bln tenge	6,349	6,088	4.3%

<sup>1</sup> The amounts were converted to US dollars for user convenience at average exchange rates for respective periods (average USD/KZT for the nine months of 2024 and 2023 were at 458.79 and 452.97 respectively; period-end USD/KZT as of 30 September 2024 and 31 December 2023 were at 481.19 and 454.56 respectively).

<sup>2</sup> Net profit adjusted for share in profit of joint ventures and associates = Net profit plus dividends received from joint ventures and associates, minus share of income of joint ventures and associates.

<sup>3</sup> In December 2023, the Company acquired from its subsidiary Samruk-Kazyna Odeu LLP and a third party, JSC UK MEZ KhimPark Taraz, 99.9% and 0.1% of the shares in Polymer. For more details, see Note 5 to the Consolidated Financial Statements for 9 months of 2024 with the independent auditor's report.

<sup>4</sup> Source: S&P Global Platts.

Name of the indicator	UoM	9M 2024	9M 2023 <sup>3</sup>	%
Share in profit of JVs and associates, net	bln tenge	407	565	-27.9%
Dividends received from JVs and associates, net	bln tenge	559	216	158.9%
Net profit	bln tenge	867	946	-8.4%
Net profit adjusted for the share in profit of JVs and associates	bln tenge	1,018	597	70.6%
EBITDA <sup>5</sup>	bln tenge	1,601	1,679	-4.6%
Adjusted EBITDA <sup>6</sup>	bln tenge	1,752	1,329	31.8%
CAPEX (accrual basis)	bln tenge	444	494	-10.0%
CAPEX (cash basis)	bln tenge	408	498	-18.1%
Free cash flow <sup>7</sup>	bln tenge	1 012	458	121.2%
Gross debt <sup>8</sup>	bln tenge	3,819	3,757 <sup>9</sup>	1.7%
Net debt <sup>10</sup>	bln tenge	1,260	1,645 <sup>9</sup>	-23.4%

### Operating results for nine months of 2024<sup>11</sup> compared to nine months of 2023:

- The volume of oil and gas condensate production increased by 3.1% and amounted to 18,047 thous. tonnes;
- Oil transportation volumes increased by 6.4% and amounted 63,197 thous. tonnes;
- The volume of refining of hydrocarbons at Kazakhstani and Romanian refineries amounted 14,122 thous. tonnes compared to 14,901 thous. tonnes.

	9M 2024 (net to KMG)	9M 2023 (net to KMG)	%
Oil production, thous. tonnes	18,047	17,508	+3.1%
Gas production, mln m <sup>3</sup>	7,202	7,008	+2.8%
Oil transportation, thous. tonnes	63,197	59,371	+6.4%
Raw hydrocarbon processing, thous. tonnes	14,122	14,901	-5.2%

<sup>5</sup> EBITDA = Revenue plus Share in profit of JVs and associates, net, minus Cost of purchased oil, gas petroleum products and refining costs minus Production expenses minus General and administrative expenses minus Transportation and Selling expenses minus Taxes other than income tax.

<sup>6</sup> Adjusted EBITDA = Revenue plus Dividends from JVs and associates, minus Cost of purchased oil, gas petroleum products and refining costs minus Production expenses minus General and administrative expenses minus Transportation and selling expenses minus Taxes other than income tax.

<sup>7</sup> Free Cash Flow = Net cash flow from operating activities minus Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets. Dividends received from JVs and associates are included in cash flow from operating activities.

<sup>8</sup> Total debt at the end of the reporting period = bonds plus loans (short-term and long-term). Guarantees issued are not included in the calculation.

<sup>9</sup> Gross debt and Net debt are shown as of 31 December 2023.

<sup>10</sup> Net debt at the end of the reporting period: Bonds plus loans minus cash and cash equivalents minus bank deposits (short-term and long-term). Guarantees issued are not included in the calculation.

<sup>11</sup> Production results are stated in accordance with KMG's shareholdings in joint ventures and associates and 100% for consolidated subsidiaries. More detailed information is available in the press release on production results for nine months of 2024 at the link: <https://www.kmg.kz/en/investors/reporting>

## **Financial Highlights for nine months of 2024**

### *Revenue*

Revenue amounted to 6,349 bln tenge (USD 13,838 mln), which is 4.3% higher than in the first nine months of 2023, mainly due an increase in the volume of KMG International oil sales.

### *Share in profit of joint ventures and associates*

The share in income of joint ventures and associates decreased by 27.9% and amounted to 407 bln tenge (USD 888 mln) mainly as the result of a decrease in profits of “Tengizchevroil” LLP by 152.3 bln tenge (USD 342 mln) due to an increase in depreciation costs due to launch of the Wellhead Pressure Management Project.

### *EBITDA*

EBITDA for the nine months of 2024 amounted to 1,601 bln tenge (USD 3,490 mln) and decreased by 4.6% compared to 1,679 bln tenge (USD 3,706 mln) mainly due to a decrease in the “Exploration and production of oil and gas” and “Corporate” segments as a result of a decrease in profit from Tengizchevroil LLP by 152.3 bln tenge.

### *Adjusted EBITDA*

Adjusted EBITDA reflecting dividends received from joint ventures and associates instead of share in income of joint ventures and associates amounted to 1,752 bln tenge (USD 3,820 mln), showing a growth of 31.8%.

### *Net profit*

The Company's net profit decreased by 8.4% compared to the nine months of 2023 and amounted to 867 bln tenge (USD 1,890 mln). The decrease in net profit is mainly due to a decrease in the share of profits of joint ventures and associated companies.

### *Net profit adjusted for share in profit of JVs and associates*

Net profit adjusted for the share in profit joint ventures and associates increased by 70.6% from 597 bln tenge (USD 1,317 mln) to 1,018 bln tenge (USD 2,220 mln).

### *Cost of purchased oil, gas, petroleum products and other materials*

The cost of purchased oil, gas, petroleum products and other materials in the reporting period decreased by 2.5% and amounted to 3,299 bln tenge (USD 7,190 mln). The decrease in cost is due to a decrease in the volume of oil purchased for processing at the Petromidia plant due to the shutdown of the plant for scheduled major overhaul in March- April of this year.

### *Operating expenses*

Operating expenses increased by 18.2% and amounted to 1,023 bln tenge (USD 2,230 mln) mainly due to the indexation of wage costs for production workers in the regions of presence as well as an increase in transportation costs due to an increase in tariffs and transportation volumes.

Transportation and distribution costs amounted to 203 bln tenge (USD 443 mln), up 15.1% compared to the nine months of 2023. The growth was due to an increase in the volume of export sales of “Embamunaigas” JSC and “Ozenmunaigas” JSC in the CPC direction, as well as an increase in transportation costs due to an increase in tariffs and transportation volumes.

General and administrative expenses increased by 68.9% and amounted to 197 bln tenge (USD 430 mln). The increase was due to the accrual of remuneration to JSC NC "QazaqGaz", a subsidiary of Samruk-Kazyna JSC, for the services of trust management of a 50% stake in “KazRosGaz” LLP in the amount of 53.3 bln tenge, as well as in connection with the provision of sponsorship assistance to flood victims through Samruk-Kazyna Trust in the amount of 10.0 bln tenge in April-May 2024.

Taxes other than income tax remained almost unchanged, amounting to 432 bln tenge (USD 942 mln).

### *Capital expenditures*

The Company's capital expenditures accrual basis (disclosed in the Note “Segment reporting”) amounted to 444 bln tenge (USD 969 mln), a decrease of 10.0% mainly due to the completion of reconstruction and expansion of the Astrakhan-Mangyshlak main water pipeline, as well as the completion of the drilling of an exploration well at the Zhenis project.

### *Dividends received from JVs and associates*

Dividends received from joint ventures and associated companies amounted to 559 bln tenge (USD 1,218 mln) compared to 216 bln tenge (USD 476 mln). This deviation is mainly caused by different payment frequency of dividends of “Tengizchevroil” LLP in the reporting period and last year. The increase was mainly due to dividends paid by “Tengizchevroil” LLP in the amount of 231 bln tenge (USD 502 mln), “KazRosGas” LLP in the amount of 52.7 bln tenge (USD 115 mln), and “Mangistaumunaigas” JSC in the amount of 43.6 bln tenge (USD 95 mln).

### *Free cash flow*

Free cash flow increased in comparison with the nine months of 2023 by 121.2% and amounted to 1,012 bln tenge (USD 2,207 mln). The growth was associated with an increase in dividends received from joint ventures and associated companies, as well as with a decrease in capital expenditures.

### *Debt management*

#### **Debt indicators**

<b>Name of the indicator</b>	<b>UoM</b>	<b>30 September 2024</b>	<b>31 December 2023</b>	<b>%</b>
Bonds	bln tenge	3,117	3,046	2.3%
Loans	bln tenge	702	711	-1.2%
<b>Gross debt</b>	<b>bln tenge</b>	<b>3,819</b>	<b>3,757</b>	<b>1.7%</b>

*Numbers may not add up due to a rounding.*

Total debt as of 30 September 2024 amounted to 3,819 bln tenge (USD 7,938 mln), an increase in tenge terms by 1.7% and decrease by 4.0% in US dollar terms compared to 31 December 2023. The increase in the indicator is due to the fluctuation of the national currency exchange rate in the reporting

period, as well as an increase from 3% to 9.3% on the coupon rate of the bonds issued by KMG in favor of Samruk-Kazyna JSC in 2022<sup>12</sup>.

During the reporting period, KMG International, under the existing credit lines, reimbursed a syndicated loan from Bank of Tokyo-Mitsubishi UFJ, Ltd. in the amount of USD 34.4 mln (equivalent to 15.8 bln tenge), a loan from ING Bank in the amount of USD 39.9 mln (equivalent to 18.3 bln tenge) and a loan from NATIXIS in the amount of USD 83 mln (equivalent to KZT 38.1 bln tenge) for the working capital financing.

During the reporting period Main Water Pipeline LLP received loan from Eurasian Development Bank for the total amount of 21.0 bln tenge with a maturity date of 2033 for refinancing the loan from Halyk Bank.

The increase in total debt was offset by partial early repayment of bonds in the amount of USD 750 mln (equivalent to 358.2 bln tenge), repayment of a loan by KMG International in the amount of USD 34.6 mln (equivalent to 15.9 bln tenge) from Banca Transilvania and partial repayment of a syndicated loan in the total amount of USD 67.5 mln (equivalent to 31.0 bln tenge), including interest.

As at 30 September 2024, based on the notification of the Ministry of Energy of the Republic of Kazakhstan on the termination of the subsoil use contract of the Zhenis project, the Company derecognized the loan received from Lukoil Kazakhstan Upstream LLP (carry-financing) in the amount of 48.1 bln tenge.

#### *Net debt*

Net debt as of 30 September 2024 amounted to 1,260 bln tenge (USD 2,619 mln), a decrease in tenge by 23.4% and in US dollar terms by 27.6% in comparison to the volume as of 31 December 2023.

#### *Cash and cash equivalents*

#### **Consolidated cash and cash equivalents including deposits**

<b>Name of the indicator</b>	<b>UoM</b>	<b>30 September 2024</b>	<b>31 December 2023</b>	<b>%</b>
Cash and cash equivalents	bln tenge	1,263	1,051	20.2%
Long-term deposits	bln tenge	68	64	6.7%
Short-term deposits	bln tenge	1,228	997	23.1%
<b>Cash and cash equivalents including deposits</b>	<b>bln tenge</b>	<b>2,559</b>	<b>2,112</b>	<b>21.2%</b>

*Numbers may not add up due to a rounding.*

Consolidated cash, cash equivalents, including deposits as of 30 September 2024 increased by 21.2% compared to the indicator as of 31 December 2023 and amounted to 2,559 bln tenge. In US dollar terms, the indicator amounted to USD 5,318 mln and increased by 14.5% compared to the indicator as of 31 December 2023.

<sup>12</sup> Details are disclosed in the Company's financial statements for the relevant period.

*Key corporate events from the beginning of 2024:*

- On 18 January 2024, in Rome, Italy, KMG and Eni S.p.A. signed the Joint Confirmation Agreement on initiation of the Zhanaozen hybrid power plant construction project. The project provides for construction of wind power plant (77 MW) and solar power plant (50 MW) in collaboration with Eni's subsidiary Plenitude, as well as 120 MW gas power plant in Zhanaozen.
- On 21 February 2024, KMG and Tatneft signed a purchase and sale agreement for 50% shares of Karaton Operating Ltd, a shareholder's agreement and a financing agreement for the Karaton Subsalt project.
- On 11 March 2024, KMG and SOCAR signed the Agreement on phased increase in the volumes of Kazakh oil transit across the territory of the Azerbaijan Republic and the Memorandum of Strategic Cooperation in Sale and Purchase of the Kazakh Oil.
- On 29 March 2024, legal procedures related to Sinopec's entry into the project for the construction of a polyethylene plant with a capacity of 1.25 million tonnes in the Atyrau region was completed, thus, the share of participants in the project: KMG – 40% (consolidated), SIBUR – 30%, Sinopec – 30%.
- On 28 May 2024, following the results of the annual General Meeting of Shareholders of JSC NC KazMunayGas, Askhat Galimovich Khasenov was appointed Chairman of the KMG Management Board. As of November 2024, the Management Board of KMG consists of 10 people (Khasenov A.G. – Chairman of the Management Board, Iskaziyeu K.O., Abdulgafarov D.Ye., Zakirov B.K., Lavrenov V.S., Magauov A.M., Aryssova, D.A., Brekeshev S.A., Abaiyildanov B.K. and Balykbayev R.A.)
- On 26 June 2024, KMG completed the payment of dividends to shareholders for 2023. The total amount of dividends was 300.0 bln tenge. The dividends per common share amounted to 491.71 tenge.
- On 16 July 2024, a ceremony was held to mark the start of construction of a future 247 MW hybrid power plant in Zhanaozen. The hybrid project involves the combined generation of electricity from renewable energy sources (wind and solar). The capacity of the solar power plant will be 50 MW, wind power - 77 MW, and gas power - 120 MW.
- On 11 September 2024, the international rating agency Moody's Ratings upgraded KMG's credit rating from "Baa2" to "Baa1", the outlook was changed to "stable". KMG's rating is equal to the sovereign rating of the Republic of Kazakhstan.
- On 11 September 2024, early construction work began in the Atyrau region on a polyethylene production plant with a capacity of 1.25 million tons per year and an investment volume of about USD 7.4 bln.
- On 12 September 2024, KMG made a partial early repayment of Notes in the amount of 750 million US dollars. Savings in coupon payments based on the results of partial early redemption will amount to 92.7 million US dollars. Early repayment was made based on the results of voting by bondholders on the public offering of KMG.
- On 14 October 2024, Atyrau Refinery and the European Bank for Reconstruction and Development signed a loan agreement in the amount of 26.6 bln tenge for a period of 3.5 years under the guarantee of KMG. The loan funds were used to refinance the tenge loan from Halyk Bank of Kazakhstan JSC.
- On 22 October 2024, KMG and China National Offshore Oil Corporation (CNOOC) signed the main terms of cooperation on the new 'Zhylyoi' subsoil project.

Indicators and calculation results are indicated with rounding. However, when comparing periods, exact values were used without rounding. Any possible adjustments related to rounding, in the Company's opinion, should not have a material effect on financial results.

For further information, please visit  
<https://www.kmg.kz/en/investors/reporting>

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**About JSC National Company KazMunayGas:**

JSC National Company KazMunayGas is Kazakhstan's leading vertically integrated oil and gas company, operating assets across the entire production cycle from the exploration and production of hydrocarbons to transportation, refining and specialised services. Established in 2002, the Company represents the government's interests in the national oil and gas industry.

KMG's main assets are as follows:

**Upstream:** Ozenmunaigas (OMG) – 100%, Embamunaigas (EMG) – 100%, KazakhTurkmunai (KTM) – 100%, KazMunayTeniz – 100%, Urikhtau (UO) – 100%, Dunga – 60%, Ural Oil and Gas (UOG) – 50%, Mangistaumunaigaz (MMG) – 50%, Kazgermunai (KGM) – 50%, Karazhanbasmunai (KBM) – 50%, KazakhOil Aktobe (KOA) – 50%, PetroKazakhstan Inc (PKI) – 33%, Tengizchevroil (Tengiz) – 20%, Karachaganak – 10%, Kashagan – 16.88%.

**Midstream:** KazTransOil – 90%, Kazakhstan China Pipeline (KCP) – 50%, Munai Tas – 51%, Batumi Oil Terminal – 100%, Caspian Pipeline Consortium (CPC) – 20.75%, Kazmortransflot – 100%.

**Downstream:** Pavlodar refinery – 100%, Atyrau refinery – 99,53%, Shymkent refinery – 49,72%, Caspi Bitum – 50%, KMG International – 100%, Petromidia – 54,63%, Vega – 54,63%, KazRosGas – 50%, Kazakhstan Petrochemical Industries Inc – 49.5%.