

Nur-Sultan

Transfer of 100% KazTransGas Share to Samruk-Kazyna

On 9 November, KazMunayGas National Company (KMG) announced the transfer of 100% KazTransGas (KTG) share in favour of Samruk-Kazyna (the Fund). The transaction amount is 1 tenge.

9 November is also the day of termination of the trust management agreement concluded on 11 March 2021 between KMG and the Fund.

KTG's shares were transferred to the Fund in pursuance of the instructions from the Samruk-Kazyna Management Council chaired by the First President of the Republic of Kazakhstan, Elbasy N. Nazarbayev, dated 3 June 2020, as well as the instructions from the executive head of the nation K. Tokayev about foundation of a gas exploration, production and transportation national operator, given at an extended Government meeting on 26 January 2021.

It should be noted that the transaction was preceded by fulfilment of a number of legal and financial conditions, including approvals from KMG lenders and relevant government agencies. At the first stage, in October 2020, KMG refinanced Eurobonds in the amount of \$750 mln, and the new conditions included the possibility of KTG withdrawal. During the next stage, in June 2021, the remaining holders of KMG Eurobonds gave consent for KTG spin-off. In addition, the transaction was agreed with KMG's creditor banks, including through refinancing of some loans. One of the process stages was also the adoption of the RK Government Resolution "On Strategic Object Transfer" dated 8 November 2021. Based on the Resolution, KMG was approved to transfer 100% of KTG stake in favour of the Fund through the sale and purchase transaction.

At present, all KMG lenders have approved the KTG spin-off into a separate subsidiary of the Fund.

At the same time, KMG's Consolidated Financial Statements for Nine Months of 2021 will include KTG's financial statements. Starting from 9 November, KMG will derecognise KTG, and the result of KTG transfer will be recorded as "other distributions to shareholder" in the consolidated statement of changes in equity for 2021.

Note that KMG's debt as a result of the KTG spin-off will decrease by \$1.1 bln (by \$1.6 bln with issued guarantees).

KMG intends to further promote modernisation and diversification of Kazakhstan gas industry, therefore, the cooperation with KTG in this area will remain a priority for the national company.

As a reminder, KTG has been part of KMG since the establishment of the national company in 2002. During this time, KMG has invested about 143 bln tenge into KTG's capital in cash and assets. KTG assets have multiplied by more than 20 times from 125 bln tenge to 2.5 trn tenge, the capital increased from 61 bln tenge to 1.6 trn tenge, the revenue increased from 85 bln tenge to 900 bln tenge per year. Since the KTG foundation, more than 10 ths. km of trunk gas pipelines have been built and put into operation in Kazakhstan. Today, KTG operates more than 20 ths. km of gas pipelines and more than 56 ths. km of gas distribution networks.

About JSC National Company KazMunayGas:

JSC National Company KazMunayGas (KMG) 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 specialized services. Established in 2002, the company represents Kazakhstan's interests in the national oil and gas industry.

KMG's main assets are as follows:

Upstream: Ozenmunaigas (OMG) – 100%, Embamunaigaz (EMG) – 100%, KazakhTurkmunai (KTM) – 100%, KazMunayTeniz – 100%, Urikhtau (UO) – 100%, Mangistaumunaigaz (MMG) – 50%, Kazgermunai (KGM) – 50%, Karazhanbasmunai (KBM) – 50%, KazakhOil Aktobe (KOA) – 50%, Petrokazakhstan Inc (PKI) – 33%, Tengizchevroil (TCO) – 20%, Karachaganak (KPO) – 10%, Kashagan – 8.44%.

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

Downstream: Pavlodar refinery – 100%, Atyrau refinery – 99,53%, Shymkent refinery – 49.72%, KMG International – 100%, Petromidia – 54.63%, Vega – 54.63%.