

## JSC NC KazMunayGas announces financial results for the nine months of 2021

**Nur-Sultan, 25 November 2021** – Joint-stock (JSC) National Company (NC) KazMunayGas (“KMG” or Company), Kazakhstan's national vertically integrated oil and gas company, published its interim condensed consolidated financial statements according to International Financial Reporting Standards (IFRS) 34 “Interim financial statements” for the three and nine months September 30, 2021, with the independent auditor’s report on review of interim financial information.

### Key financial indicators for the nine months of 2021<sup>1</sup>:

- Revenue increased by 43.7% to 4,792 bln tenge (USD 11,284 mln) in the nine months of 2021, compared to the same period of last year;
- EBITDA was at 1,590 bln tenge (USD 3,743 mln) in the nine months of 2021, up by 86.8% year-on-year;
- The Company's net profit for the period increased 7-fold to 942 bln tenge (USD 2,219 mln) in the reporting period, compared to 136 bln tenge (USD 333 mln) in the nine months of 2020. Net profit attributable to shareholders of the parent company amounted to 947 bln tenge (USD 2,231 mln);
- FCF amounted to 438 bln tenge (USD 1,031 mln), compared to 146 bln tenge (USD 357 mln) in the nine months of 2020;
- The Company's net debt was at 2,240 bln tenge (USD 5,262 mln) as of 30 September 2021, having decreased by 13.6% from USD 2,594 bln tenge (USD 6,162 mln) at the end of 2020;
- Total debt decreased by 1.3% to 4,024 bln tenge (USD 9,453 mln) as of 30 September 2021 compared to 31 December 2020.

	UoM	9M2021	9M2020	%
Dated Brent <sup>1</sup> , average	\$/bbl	67.92	41.06	65.4%
Exchange rate, average	KZT/USD	424.70	409.23	3.8%
Revenue	bln tenge	4,792	3,334	43.7%
Share in profit of JVs and associates, net	bln tenge	761	323	135.2%
Net profit	bln tenge	942	136	692.6%
Net profit attributable to shareholders of the Parent Company	bln tenge	947	223	424.7%
EBITDA <sup>2</sup>	bln tenge	1,590	851	86.8%
Adjusted EBITDA <sup>3</sup>	bln tenge	986	578	70.6%
FCF <sup>4</sup>	bln tenge	438	146	200.0%
CAPEX (accrual basis)	bln tenge	272	322	-15.5%

<sup>1</sup> The amounts were converted to US dollars for user convenience at average exchange rates for respective periods (average USDKZT for the nine months of 2021 and the nine months of 2020 were at 424.70 and 409.23, respectively; USDKZT as of 30 September 2021 and 31 December 2020 were at 425.70 and 420.91, respectively).

CAPEX (cash basis)	bln tenge	269	293	-8.2%
Net debt <sup>5</sup>	bln tenge	2,240	2,594 <sup>7</sup>	-13.6%
Total debt <sup>6</sup>	bln tenge	4,024	4,078 <sup>7</sup>	-1.3%

<sup>1</sup> Source: S&P Global Platts.

<sup>2</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>3</sup> Adjusted EBITDA = Revenue plus Dividends 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>4</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 plus Proceeds from the loan previously provided to Caspian Pipeline Consortium due to transfer of Kazakh pipeline assets to CPC-K. In 2020, CPC fully repaid the interest on the loan to KMG in the amount of 38 bln tenge.

<sup>5</sup> Net debt = Noncurrent borrowings plus Current borrowings minus Cash and cash equivalents minus Short-term bank deposits minus Long-term bank deposits. Guaranteed obligations are not included in the calculation.

<sup>6</sup> Total debt = Noncurrent borrowings plus Current borrowings. Guaranteed obligations are not included in the calculation.

<sup>7</sup> As of 31 December 2020.

### Operating results for the nine months of 2021:

- Oil and gas condensate production amounted to 15,923 thous. tonnes as compared to 16,423 thous. tonnes in the nine months of 2020;
- The transportation volume of oil amounted to 55,727 thous. tonnes as compared to 55,225 thous. tonnes in the nine months of 2020;
- Transportation volume of gas increased by 12.0% to 71,036 million m<sup>3</sup>;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries increased by 7.7% to 14,083 thous. tonnes in comparison with 13,081 thous. tonnes in the previous year.

	9M 2021 (net to KMG)	9M 2020 (net to KMG)	%
Oil production, thous. tonnes	15,923	16,423	-3.0%
Gas production, mln m <sup>3</sup>	5,811	6,173	-5.9%
Oil transportation, thous. tonnes	55,727	55,225	0.9%
Gas transportation, mln m <sup>3</sup>	71,036	63,448	12.0%
Oil refining, thous. tonnes	14,083	13,081	7.7%

Operating results presented in accordance with KMG's ownership interest in joint ventures and associates and 100% of results for consolidated subsidiaries, unless specifically indicated otherwise.

For more information, please see the Trading Update for the nine months of 2021:

[https://kmg.kz/uploads/reporting-and-financial-result/operating-results/Operating\\_results\\_9M\\_2021\\_en.pdf](https://kmg.kz/uploads/reporting-and-financial-result/operating-results/Operating_results_9M_2021_en.pdf)

### Financial Highlights for the nine months of 2021

#### Revenue

Revenue amounted to 4,792 bln tenge (USD 11,284 mln) in the nine months of 2021, up by 43.7% vs. the same period of 2020. The positive impact on revenue dynamics was mainly attributable to an increase in average Dated Brent oil price by 65.4% year-on-year, weakening of the average exchange rate of tenge vs. the US dollar by 3.8% and increase in trading volumes of oil and oil products at KMG International N.V (KMGI). Revenue growth was restrained by the production

restrictions at certain fields under the OPEC+ agreement and a decrease in the revenue due to a decrease in the gas and oil products sale volumes.

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

Share in the profit of joint ventures and associates increased from 323 bln tenge (USD 790 mln) in the nine months of 2020 to 761 bln tenge (USD 1,791 mln) in the nine months of 2021. The following companies mainly supported the growth of a share in the profit: Tengizchevroil LLP with 304 bln tenge (USD 716 mln), Asian Gas Pipeline LLP with 191 bln tenge (USD 449 mln), KMG Kashagan B.V. with 58 bln tenge (USD 136 mln), Mangistau Investment B.V. (Mangistaumunaigaz JSC) with KZT 48 bln (USD 112 mln).

#### *EBITDA*

EBITDA in the nine months of 2021 was 1,590 bln tenge (USD 3,743 mln), demonstrating growth compared to 851 bln tenge (USD 2,081 mln) in the nine months of 2020 due to an increase of segmented EBITDA in Exploration and production of oil and gas, Gas trading and transportation, Refining and trading of crude oil and refined products, and Corporate centre.

#### *Adjusted EBITDA*

Adjusted EBITDA, reflecting dividends received from joint ventures and associates, and not including share in the profit of joint ventures and associates in the nine months of 2021 amounted to 986 bln tenge (USD 2,321 million), showing an increase of 70.6% year-on-year.

#### *Net profit*

The Company's net profit increased from 136 bln tenge (USD 333 mln) in the nine months of 2020 to 942 bln (USD 2,219 mln) in the nine months of 2021 due to an increase in average oil price, increase in revenues and share in the profit of joint ventures and associates, as well as absent of significant impairment of property, plant and equipment.

Net profit for the period attributable to shareholders of the Parent Company amounted to 947 bln tenge (USD 2,231 mln).

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

Cost of purchased oil, gas, petroleum products and other materials increased by 65.6% year-on-year to 2,688 bln tenge (USD 6,329 mln) in the reporting period due to higher average price and volumes of oil purchases and weakening of the average exchange rate of tenge vs. the US dollar. This was partially offset by a decrease in the cost of purchased gas for resale.

#### *Other expenses*

In the nine months of 2021, production expenses decreased slightly by 0.2% year-on-year to 544 bln tenge (USD 1,281 mln) due to the reduction of short-term lease costs.

Transportation and distribution costs decreased by 2.8% year-on-year to 317 bln tenge (USD 745 mln).

General and administrative expenses decreased by 4.6% year-on-year to 103 bln tenge (USD 244 mln), reflecting the reversal of impairment of VAT receivable, decline in expenses for consulting services.

Taxes other than income tax for the nine months of 2021 increased by 52.9% year-on-year to 312 bln tenge (USD 734 mln) mainly due to higher average oil prices.

In the nine months of 2021, finance costs, including interest expense on lease liabilities, were at 205 bln tenge (USD 482 mln), up by 1.5% year-on-year due to higher expenses on lease agreements, reflecting the new lease agreement for the Saryarka gas pipeline for 2021, and long-term office lease agreements and archival premises at KTG.

### *Capital expenditures*

In the nine months of 2021, capital expenditures (on an accrual basis, segment reporting) amounted to 272 bln tenge (USD 639 mln), down by 15.5% from 322 bln tenge (USD 788 mln) in the nine months of 2020. Capital expenditures on a cash basis amounted to 269 bln tenge (USD 634 mln) with a decrease of 8.2% year-on-year. Capital expenditures decreased at KMGI due to scheduled overhaul in 2020, at KTG due to the completion of large investment projects in the reporting period of 2020.

### *Debt management*

#### **Debt indicators**

	UoM	30 September 2021	31 December 2020	%
Bonds	bln tenge	3,007	2,978	1.0%
Loans	bln tenge	1,017	1,101	-7.6%
<b>Total debt</b>	<b>bln tenge</b>	<b>4,024</b>	<b>4,078</b>	<b>-1.3%</b>
Guarantee obligations under the syndicated loan of Beineu-Shymkent Gas Pipeline LLP	bln tenge	184	227	-18.9%
Guarantee obligations under the syndicated loan of AstanaGas KMG JSC	bln tenge	1.7	1.9	-10.5%
<b>Total debt with guarantee obligations</b>	<b>bln tenge</b>	<b>4,210</b>	<b>4,308</b>	<b>-2.3%</b>

*Numbers may not add up due to rounding.*

Total debt was at 4,024 bln tenge as of 30 September 2021 (USD 9,453 mln), having decreased in tenge terms by 1.3% (in the US dollar terms: a decrease of 2.4%) compared to 31 December 2020.

Total debt including guaranteed obligations<sup>2</sup> amounted to 4,210 bln tenge (USD 9,889 mln) as of 30 September 2021, decreased by 2.3% in tenge terms (a decrease of 3.4% in the US dollar terms) vs. 31 December 2020.

<sup>2</sup> It includes nominal amounts of guaranteed obligations on a syndicated loan of Beineu-Shymkent Gas Pipeline (BSGP) in the amount of 184 bln tenge (USD 432 mln), guaranteed obligation on a loan of JSC "AstanaGas KMG" in the amount of 1.7 bln tenge (USD 4.0 mln).

During the reporting period, Atyrau Refinery partially repaid a loan from the Export-Import Bank of China for USD 156 mln and fully repaid the loan from the Development Bank of Kazakhstan JSC for USD 142 mln. Atyrau Refinery received a long-term loan from Halyk Bank JSC for a total amount of 54 bln tenge with a maturity of 4 years to refinance existing loans. KMG received a USD 50 mln short-term loan from Cargill, and a USD 46 mln short-term loan from Banque de Commerce et de Placements to finance working capital. KMG partially repaid a USD 71 mln short-term loan from ING Bank NV, including interest.

KMG's net debt amounted to 2,240 bln tenge (USD 5,262 mln) as of 30 September 2021, down by 13.6% in tenge terms compared to 31 December 2020 (a decrease by 14.6% in the US dollar terms).

#### *Cash and cash equivalents*

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

	UoM	30 September 2021	31 December 2020	%
Cash and cash equivalents	bln tenge	1,186	1,146	3.5%
Short-term deposits	bln tenge	543	282	92.6%
Long-term deposits	bln tenge	55	57	-3.5%
<b>Cash and cash equivalents including deposits</b>	<b>bln tenge</b>	<b>1,784</b>	<b>1,485</b>	<b>20.1%</b>

Consolidated cash and cash equivalents including deposits increased by 20.1% to 1,784 bln tenge as of 30 September 2021 vs. 31 December 2020. Consolidated cash and cash equivalents in the US dollar terms increased by 18.8% to USD 4,191 mln as of 30 September 2021 vs. USD 3,528 mln as of 31 December 2020.

The increase in cash and cash equivalents is mainly due to positive net cash flow from operating activities at 707 bln tenge (USD 1,665 mln), and lower capital expenditures compared to the same period last year.

#### *Key corporate events from the beginning of 2021:*

- On 11 March 2021, KMG and Samruk-Kazyna JSC signed a trust management agreement for 100% of ordinary shares of KTG;
- Starting from 30 March 2021, KMG Eurobonds for a total amount of USD 6.25 bln have been included in the official list of Astana International Exchange;
- On 21 April 2021, KTG obtained a consent from the holders of Eurobonds with maturity in 2027 to change the terms of the bond issue prospectus under the memorandum of consent dated 30 March 2021;
- On 30 April 2021, the international rating agency S&P Global Ratings affirmed KMG's credit rating at "BB" with a "negative" outlook;
- On 3 June 2021, Atyrau Refinery and the European Bank for Reconstruction and Development have signed an agreement to provide an amount denominated in tenge totalling up to USD 80 mln for financing the TAZALYQ project;
- On 4 June 2021, KMG and PJSC LUKOIL signed the Agreement on Purchase of 49.99% Interest in Al-Farabi Operating LLP;

- On 16 June 2021, KMG received the consent of the holders of KMG Eurobonds with maturity in 2025, 2027, 2030, 2047, 2048 to bring them into line with the terms of the KMG Eurobonds 2020 issue;
- After the announcement of dividends for 2020 in May 2021 in line with the decision of Samruk-Kazyna and the National Bank of Kazakhstan, as of 3 August, KMG paid dividends in full in the amount of 50 bln tenge (USD 118 mln), including dividends paid to Samruk-Kazyna in the amount of 45 bln tenge (USD 107 mln) and the National Bank in the amount of 5 bln tenge (USD 11 mln);
- On 12 August 2021, the international rating agency Moody's Investors Service upgraded KMG's credit rating from Baa3 to Baa2 following the upgrade of the sovereign rating of Kazakhstan. The outlook has been changed from "positive" to "stable";
- On 20 September 2021, the international rating agency Fitch Ratings has affirmed the NC KazMunayGas JSC's Long-Term Issuer Default Rating at BBB- (one notch below the sovereign rating) with Stable Outlook;
- On 25 October 2021 International agency Sustainalytics has improved the ESG risk rating of KMG in sustainable development from 34.5 to 28.4 points;
- On 27 October 2021, the KMG guarantee for the BSGP was terminated. Amendments to the loan documentation for the BSGP loan have been concluded. As a result of this transaction, KTG is the 100% guarantor of loan obligations to a syndicate of foreign banks;
- In November 2021, The Board of Directors of KMG has approved the Company's 2022–2031 Development Strategy as well as Low Carbon Development Program for 2022-2031;
- On 8 November 2021, Atyrau Refinery drew up a loan from VTB Group in the amount of 38.2 billion RUB in order to refinance a foreign currency loan from Eximbank. The funds were used to reserve funds in favor of Eximbank, and the funds will be debited on schedule in January 2022. To secure the liabilities of the Atyrau Refinery KMG has issued a corporate guarantee;
- On 9 November 2021, the Company transferred 100% of shares of KazTransGas in favour of Samruk-Kazyna. The transaction amount is 1 tenge. On the same day, the trust management agreement concluded on March 11, 2021 between KMG and Samruk-Kazyna JSC was terminated.

For further information, please visit  
<https://kmg.kz/eng/investoram/reporting-and-financial-result/>

**Contacts:**

[ir@kmg.kz](mailto:ir@kmg.kz)

Tel: +7 7172 78 63 43

**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 Operating (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%, CPC – 20.75%, Kazmortransflot – 100%, KazTransGas – 100%, ICA – 100%, AGP – 50%, KTG Aimak – 100%, BSGP – 50%, KazRosGas – 50%.

**Downstream:** Pavlodar refinery – 100%, Atyrau refinery – 99.53%, Shymkent refinery – 49.72%, KMG International – 100% (Petromidia refinery – 54.63%, Vega refinery – 54.63%).