

24 May 2024

### JSC National Company KazMunayGas Financial results for the first quarter of 2024

**Astana, 24 May 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 months ended on 31 March 2024, with an independent auditor's report on the results of the review of interim financial information.

#### Key financial indicators for the first quarter of 2024<sup>1</sup> compared to the first quarter of 2023:

- Revenue amounted to 2,227 bln tenge (USD 4,948 mln) compared to 1,887 bln tenge (USD 4,149 mln);
- EBITDA amounted to 548 bln tenge (USD 1,218 mln) compared to 550 bln tenge (1,210 mln);
- The Company's net profit including share in income of joint ventures and associates amounted to 300 bln tenge (USD 667 mln) compared to 287 bln tenge (USD 631 mln);
- Net profit adjusted for share in profit of joint ventures and associates<sup>2</sup> amounted to 201 bln tenge (USD 446 mln) compared to 96 bln tenge (USD 210 mln);
- Free cash flow amounted to 144 bln tenge (USD 320 mln) compared to minus 53 bln tenge (USD minus 116 mln);
- Gross debt as of 31 March 2024 amounted to 3,971 bln tenge (USD 8,889 mln) compared to 3,757 bln tenge (USD 8,265 mln) as of 31 December 2023;
- The Company's net debt as of 31 March 2024 was at 1,748 bln tenge (USD 3,912 mln) compared to 1,645 bln tenge (USD 3,620 mln) as of 31 December 2023.

Name of the indicator	UoM	3M 2024	3M 2023	%
Dated Brent <sup>3</sup> , average	\$/bbl	83.16	81.17	2.5%
Dated Urals <sup>3</sup> , average	\$/bbl	71.06	51.32	38.5%
KEBCO <sup>3</sup> , average	\$/bbl	82.17	77.96	5.4%
Exchange rate, average	KZT/USD	450.18	454.82	-1.0%
Revenue	bln tenge	2,227	1,887	18.0%
Share in profit of JVs and associates, net	bln tenge	154	192	-19.5%

<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 first quarter of 2024 and 2023 were at 450.18 and 454.82 respectively; period-end USD/KZT as of 31 March 2024 and 31 December 2023 were at 446.78 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> Source: S&P Global Platts.

Name of the indicator	UoM	3M 2024	3M 2023	%
Dividends received from JVs and associates, net	bln tenge	55	0.25	21,825.6%
Net profit	bln tenge	300	287	4.7%
Net profit adjusted for the share in profit of JVs and associates	bln tenge	201	96	110.3%
EBITDA <sup>4</sup>	bln tenge	548	550	-0.4%
Adjusted EBITDA <sup>5</sup>	bln tenge	449	359	25.1%
CAPEX (accrual basis)	bln tenge	112	151	-25.6%
CAPEX (cash basis)	bln tenge	126	189	-33.0%
Free cash flow <sup>6</sup>	bln tenge	144	-53	372.3%
Gross debt <sup>7</sup>	bln tenge	3,971	3,757 <sup>8</sup>	5.7%
Net debt <sup>9</sup>	bln tenge	1,748	1,645 <sup>8</sup>	6.2%

### Operating results for the first quarter of 2024<sup>10</sup> compared to the first quarter of 2023:

- The volume of oil and gas condensate production increased by 1.7% and amounted to 6,064 thous. tonnes;
- Oil transportation volumes increased by 14.2% and amounted 21,541 thous. tonnes;
- The volume of refining of hydrocarbons at Kazakhstani and Romanian refineries amounted 4,626 thous. tonnes compared to 4,936 thous. tonnes.

	3M 2024 (net to KMG)	3M 2023 (net to KMG)	%
Oil production, thous. tonnes	6,064	5,961	+1.7%
Gas production, mln m <sup>3</sup>	2,522	2,410	+4.6%
Oil transportation, thous. tonnes	21,541	18,858	+14.2%
Oil refining, thous. tonnes	4,626	4,936	-6.3%

<sup>4</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>5</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>6</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>7</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>8</sup> Gross debt and Net debt are shown as of 31 December 2023.

<sup>9</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>10</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 the first quarter of 2024 at the link: <https://www.kmg.kz/en/investors/reporting>

## **Financial Highlights for the first quarter of 2024**

### *Revenue*

Revenue amounted to 2,227 bln tenge (USD 4,948 mln), which is 18.0% higher than in the first quarter of 2023, mainly due to an increase in the volume of oil sales as well as an increase in the average price of Brent crude oil by 2.5%.

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

The share in income of joint ventures and associates decreased by 19.5% and amounted to 154 bln tenge (USD 343 mln) mainly as the result of a decrease in profits of “Tengizchevroil” LLP by 41.3 bln tenge (USD 89 mln) due to an increase in depreciation costs due to launch of new WPMP and FGP facilities.

### *EBITDA*

EBITDA for the first quarter of 2024 compared to the same period in 2023 remained practically unchanged, amounting to 548 billion tenge (USD 1,218 million).

### *Adjusted EBITDA*

Adjusted EBITDA reflecting dividends received from joint ventures and associates instead of share in income of joint ventures and associates amounted to 449 bln tenge (USD 997 mln), showing a growth of 25.1%.

### *Net profit*

The Company's net profit increased by 4.7% compared to the first quarter of 2023 and amounted to 300 billion tenge (USD 667 million).

### *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 110.3% from 96 bln tenge (USD 210 mln) to 201 bln tenge (USD 446 mln).

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

The cost of purchased oil, gas, oil products and other materials in the reporting period increased by 22.7% and amounted to 1,266 bln tenge (USD 2,812 mln). The increase in cost was largely due to an increase in the cost of purchased oil for resale due to an increase in purchase volumes, as well as due to an increase in the average price of oil.

### *Operating expenses*

Operating expenses increased by 26% and amounted to 328 bln tenge (USD 729 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.

Transportation and distribution costs amounted to 67 bln tenge (USD 148 mln), up 8.7% compared to the first quarter of 2023. The growth was due to an increase in the volume of oil sales by KMG

International, as well as the inclusion of Dunga Operating GmbH in KMG's consolidation perimeter since November 2023.

General and administrative expenses increased by 18.9% and amounted to 40 bln tenge (USD 88 mln). The growth is associated with an increase in salary costs and other expenses.

Taxes other than income tax decreased by 6% and amounted to 133 bln tenge (USD 296 mln) mainly due to decrease in rent tax on crude oil exports.

### *Capital expenditures*

The Company's capital expenditures accrual basis (disclosed in the Note "Segment reporting") amounted to 112 bln tenge (USD 249 mln), a decrease of 25.6% mainly due to the completion of the replacement of the Uzen-Atyrau-Samara pipeline section, as well as the completion of reconstruction and expansion of the Astrakhan-Mangyshlak main water pipeline.

### *Dividends received from JVs and associates*

Dividends received from joint ventures and associated companies amounted to 55 bln tenge (USD 122 mln) compared to 0.25 bln tenge (USD 0.55 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 38.2 bln tenge (USD 85 mln) and by Mangistaumunaigas JSC in the amount of 13.5 bln tenge (USD 30 mln).

### *Free cash flow*

Free cash flow increased in comparison with the first quarter of 2023 by 372.3% and amounted to 144 bln tenge (USD 320 mln). The increase was associated with a growth in oil sales volumes, 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>31 March 2024</b>	<b>31 Dec 2023</b>	<b>%</b>
Bonds	bln tenge	3,259	3,046	7.0%
Loans	bln tenge	712	711	0.2%
<b>Gross debt</b>	<b>bln tenge</b>	<b>3,971</b>	<b>3,757</b>	<b>5.7%</b>

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

Total debt as of 31 March 2024 amounted to 3,971 bln tenge (USD 8,889 mln), an increase in tenge by 5.7% and by 7.5% in US dollar terms compared to 31 December 2023 mainly due to 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>11</sup>.

As at 31 March 2024, KMG International received a loan from NATIXIS in the amount of USD 89.5 mln (equivalent to 40.3 bln tenge) and a loan from ING bank in the amount of USD 23.7 mln (equivalent to 10.7 bln tenge) for the working capital financing.

<sup>11</sup> Details are disclosed in the Company's financial statements for the relevant period.

The increase in total debt was offset by the partial repayment of the syndicated loan by KMG International in the amount of USD 46.1 mln (equivalent to 20.8 bln tenge) and the loan from Cargill in the amount of USD 52.0 mln (equivalent to 23.4 bln tenge). Also, in the reporting period, Atyrau refinery partially repaid Halyk bank loan for the total amount of 12.9 bln tenge.

#### *Net debt*

Net debt as of 31 March 2024 amounted to 1,748 bln tenge (USD 3,912 mln), an increase in tenge by 6.2% and in US dollar terms by 8.1% 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>31 March 2024</b>	<b>31 Dec 2023</b>	<b>%</b>
Cash and cash equivalents	bln tenge	837	1,051	-20.3%
Long-term deposits	bln tenge	63	64	-0.8%
Short-term deposits	bln tenge	1,323	997	32.7%
<b>Cash and cash equivalents including deposits</b>	<b>bln tenge</b>	<b>2,223</b>	<b>2,112</b>	<b>5.3%</b>

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

Consolidated cash, cash equivalents, including deposits as of 31 March 2024 increased by 5.3% compared to the indicator as of 31 December 2023 and amounted to 2,223 bln tenge. In US dollar terms, the indicator amounted to USD 4,977 mln and increased by 7.1% compared to the indicator as of 31 December 2023.

#### *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%.
- In May 2024, the Board of Directors of KMG recommended that from the net income received by the end of 2023, an amount of 300 bln tenge be allocated for the payment of dividends to KMG shareholders. The amount of dividend per common share for 2023 will be 491.71 tenge. The decision to pay dividends is a subject to approval by shareholders at the Annual General Meeting of Shareholders (AGM), which will be held on 28 May 2024.

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>

**Contacts:**

ir@kmg.kz

Tel: +7 (7172) 78 64 34

**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%.