



## JSC NC KazMunayGas 1H 2021 Trading Update

Joint-stock (JSC) National Company (NC) KazMunayGas (“KMG” or “Company”), Kazakhstan's national vertically integrated oil and gas company, announces its operating results for the first half of 2021.

### Highlights for the first half of 2021 in comparison with the first half of 2020:

- Oil and gas condensate production amounted to 10,738 thous. tonnes as compared to 11,345 thous. tonnes in the first half of 2020;
- The transportation volume of oil amounted to 36,949 thous. tonnes as compared to 37,328 thous. tonnes in the first half of 2020;
- Transportation volume of gas increased by 2.7% to 46 411 million m<sup>3</sup> in the first half of 2021;
- Hydrocarbons refining volumes at the Kazakh and Romanian refineries has grown significantly to 9,704 thous. tonnes in comparison with 8,290 thous. tonnes in previous year.

	1H 2021 (net to KMG)	1H 2020 (net to KMG)	%
Oil production, thous. tonnes	10,738	11,345	-5.3%
Gas production, mln m <sup>3</sup>	4,079	4,321	-5.6%
Oil transportation, thous. tonnes	36,949	37,328	-1.0%
Gas transportation, mln m <sup>3</sup>	46,411	45,172	2.7%
Oil refining, thous. tonnes	9,704	8,290	17.0%

### Operational results of the first half of 2021

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.

### Upstream

The volume of oil and gas condensate production by KMG in the first half of 2021 amounted to 10,738 thous. tonnes (445 kbopd), showing a decrease of 5.3% compared to the first half of 2020. The volume of production of associated and natural gas decreased by 5.6% to 4,079 million m<sup>3</sup>.

Oil and condensate production, thous. tonnes	1H 2021 (net to KMG)	1H 2020 (net to KMG)	%
OMG	2,629	2,746	-4.3%
MMG	1,445	1,526	-5.3%
EMG	1,213	1,353	-10.3%
Tengiz	2,707	2,852	-5.1%
Kashagan	613	673	-8.9%
Karachaganak	539	562	-4.1%
Others	1,591	1,631	-2.5%
<b>Total</b>	<b>10,738</b>	<b>11,345</b>	<b>-5.3%</b>

Oil production at Tengiz decreased by 5.1% compared to the first half of 2020, amounting to 2,707 thousand tons (119 kbopd), and gas production declined by 4.2%, amounting to 1,505 million m<sup>3</sup>.

A significant impact on the decline in oil production was made by the obligations assumed to limit production under the OPEC + agreement.

Oil production at Kashagan decreased by 8.9% to 613 thous. tonnes of oil (27 kbopd), while gas production decreased by 7.9% and amounted to 374 million m<sup>3</sup>. The decrease in production compared to the same period of the previous year was due to the assumed obligations to limit production under the OPEC + agreement.

Production of liquid hydrocarbons at Karachaganak decreased by 4.1% and amounted to 539 thous. tonnes (23 kbopd). Gas production amounted to 1,003 million m<sup>3</sup> and decreased by 3.9% compared to the first half of 2020. The decline in production was due to restrictions on the intake of gas sent for processing to the Orenburg Gas Processing Plant, as well as due to a decrease in gas re-injection capacity due to high ambient temperatures in June this year.

Oil production at operating assets decreased by 5.2% to 6,878 thous. tonnes (275 kbopd) and gas production decreased by 8.0% to 1,196 million m<sup>3</sup>. The decrease in production volumes was mainly due to the assumed obligations to limit production under the OPEC + agreement, as well as a natural decline at production at mature fields.

## Midstream

The volume of oil trunk pipelines and sea transportation in the first half of 2021 decreased by 1.0% to 36,949 thousand tonnes<sup>1</sup>.

Oil transportation, thous. tonnes	1H 2021 (100%)	1H 2021 (net to KMG)	1H 2020 (net to KMG)	%
KazTransOil	20,428	20,428	21,510	-5.0%
Kazakhstan-China Pipeline	8,422	4,211	3,766	11.8%
MunaiTas <sup>2</sup>	1,919	979	686	42.8%
Caspian Pipeline Consortium	30,055	6,236	6,473	-3.7%
Kazmortransflot	5,095	5,095	4,894	4.1%
<b>Total</b>	-	<b>36,949</b>	<b>37,328</b>	<b>-1.0%</b>

<sup>1</sup> Part of the volume of oil can be transported by two or three pipeline companies, and correspondingly these volumes are counted more than once in the consolidated volume of oil transportation.

<sup>2</sup> Munaitas is an equity-consolidated joint venture and transportation volumes are quoted at a 51% ownership interest.

The volume of oil transportation through trunk pipelines decreased by 1.8% and amounted to 31,854 thous. tonnes. The decrease in oil delivery volumes was due to the fulfillment of obligations by shippers to limit oil production under the OPEC + agreement. In turn, the overall reduction was partially offset by an increase in oil supply volumes towards Pavlodar petrochemical plant to ensure the required volumes in the domestic market.

Compared to the same period, the total volume of oil marine transportation in the first half of 2021 increased by 4.1% to 5,095 thous. tonnes. mainly due to the growth in volumes in the Black Sea which caused by revival of the global oil shipping market.

The volume of gas transported through the main gas pipelines of KMG in the first half of 2021 increased by 2.7% to 46,411 million m<sup>3</sup>. The increase was mainly due to the growth in transit flows from Turkmenistan to the Russian Federation and China, as well as an increase in gas consumption in the domestic market, in particular, in the southern regions of Kazakhstan. Along with this, there is a decrease in export volumes to Russia due to the redistribution of Karachaganak gas to the domestic market and a decrease in export volumes from Tengiz.

Gas transportation, mln m <sup>3</sup>	1H 2021 (100%)	1H 2021 (net to KMG)	1H 2020 (net to KMG)	%
Intergas Central Asia	31,012	31,012	30,982	0.1%
Asia Gas Pipeline	22,299	11,149	9,629	15.8%
Beineu-Shymkent Gas Pipeline	6,867	3,434	3,192	7.6%
KazTransGas Aimak	816	816	1,369	-40.4%
<b>Total</b>	-	<b>46,411</b>	<b>45,172</b>	<b>2.7%</b>

## Trading

The volume of sales of KMG's own produced oil and gas condensate in the first half of 2021 decreased by 5.7% compared to the same period of last year and amounted to 10,791 thous. tonnes, of which 64.8% was exported.

Supplies to the domestic market of own produced oil and gas condensate amounted to 3,804 thous. tonnes, including supplies of crude oil from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunai and Urikhtau Operating) in the amount of 2,089 thous. tonnes to the Atyrau and Pavlodar refineries for further oil refining and sale of oil products.

Sales of marketable gas in the first half of 2021 increased by 2.9% compared to the first half of 2020 and amounted to 12,154 million m<sup>3</sup> mainly due to increase in domestic consumption. Export of commercial gas reached 3,550 million m<sup>3</sup>, of which 95% was exported to China. Compared to the same period in 2020, there is a decrease in gas export volumes by 16.0% due to decrease in supply to Russia and China.

## Downstream

Hydrocarbon refining, thous. tonnes	1H 2021 (net to KMG)	1H 2020 (net to KMG)	%
Atyrau refinery	2,587	2,633	-1.8%
Pavlodar refinery	2,876	2,056	39.9%
Shymkent refinery <sup>1</sup>	1,105	1,135	-2.6%
Caspi Bitum	222	196	13.0%
Petromidia	2,726	2,116	28.9%
Vega	188	154	22.1%
<b>Total</b>	<b>9,704</b>	<b>8,290</b>	<b>17.1%</b>

<sup>1</sup> Shymkent refinery processing volume is indicated at a share of 50%

For the first half of 2021, the total refining volume compared to the first half of 2020 increased by 17.1% and amounted to 9,704 thous. tonnes:

- Refining volumes at Kazakh refineries decreased by 12.8% and amounted to 6,789 thous. tonnes. The increase happened due to an increase in the volume of refining at Pavlodar refinery, where overhaul this year is planned in the second half of the year, while last year, scheduled repairs were carried out in April-May. Along with this, at Pavlodar refinery in the first half of 2020, refining volumes were lower due to a decrease in demand for oil products in the domestic market;
- The volume of refining at the KMG International refineries (Petromidia, Vega) in Romania amounted to 2,915 thous. tonnes, which is 28.4% higher than in the first half of last year. The growth was due to the overhaul carried out at Petromidia in the first half of last year

with the plant shutdown for the period of repair, as well as with a decrease in demand for oil products in the market.

In the first half of 2021, the volume of oil product production at Kazakh and Romanian refineries increased by 17.8% and amounted to 9,007 thous. tonnes demonstrating continued stable recovery in demand for oil products to pre-pandemic levels:

- Kazakh refineries produced 6,181 thous. tonnes of oil products, which is 14.2% more than the first half of last year.;
- Plants of KMG International (Petromidia, Vega) produced 2,825 thous. tonnes of oil products, which is 26.6% higher than in the first half of 2020.

For further information, please visit <http://www.kmg.kz>

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**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%, KazakhTurkmenai (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%, KazTransGas - 100%, Intergas Central Asia (ICA) - 100%, Asia Gas Pipeline (AGP) - 50%, KazTransGas Aimak - 100%, Beineu-Shymkent Gas Pipeline (BSGP) - 50%, KazRosGas - 50%.

**Downstream:** Pavlodar refinery - 100%, Atyrau refinery – 99,53%, Shymkent refinery– 49,72%, KMG International - 100%, Petromidia – 54,63%, Vega – 54,63%.