



**ҚазМұнайГаз**  
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

# NC KMG

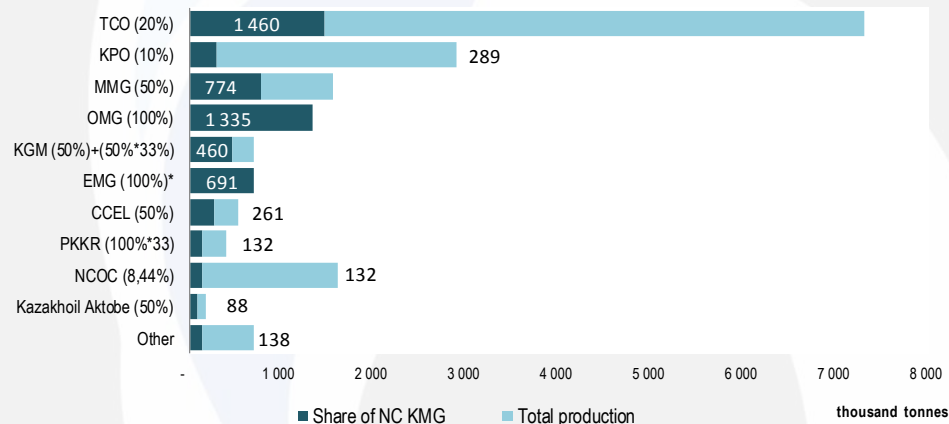
## Financial results 1Q2017



# Operating results 1Q2017

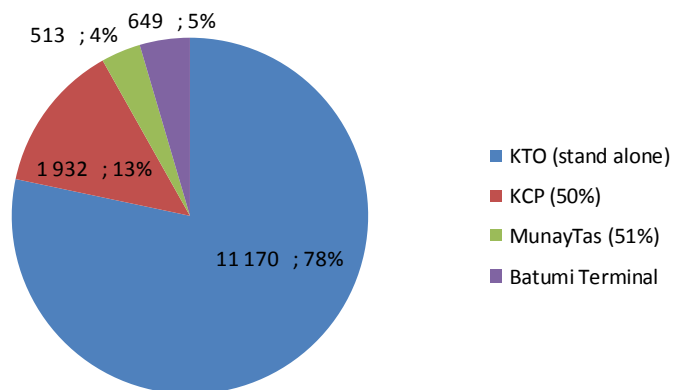
## Upstream

Production break-down NC KMG 1Q2017 (5 761 thousand tonnes)



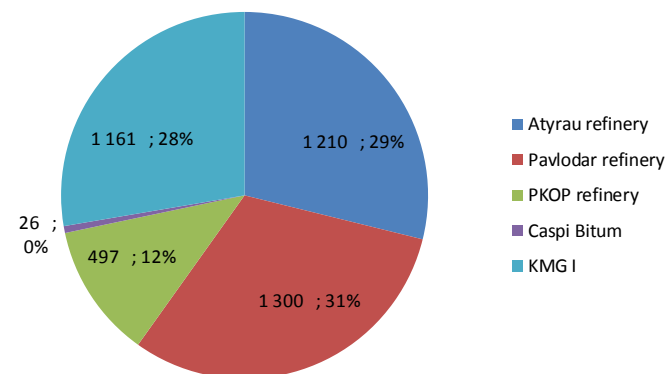
## Midstream

Oil transportation, pipelines, 1Q2017 (total 14 264 thousand tonnes)

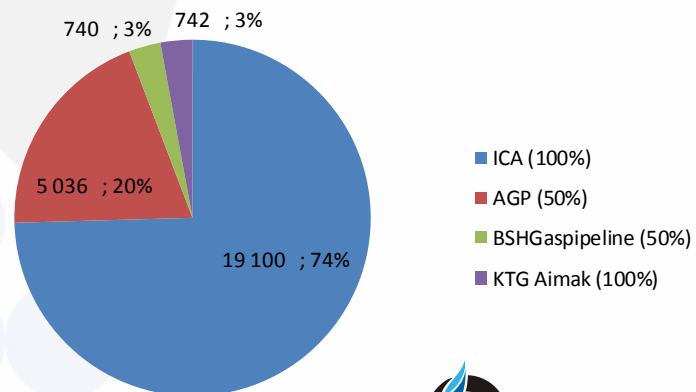


## Downstream

Refining 1Q2017 (total 4 194 thousand tonnes)



Gas transportation, pipelines, 1Q2017 (total 25 608 mcm)

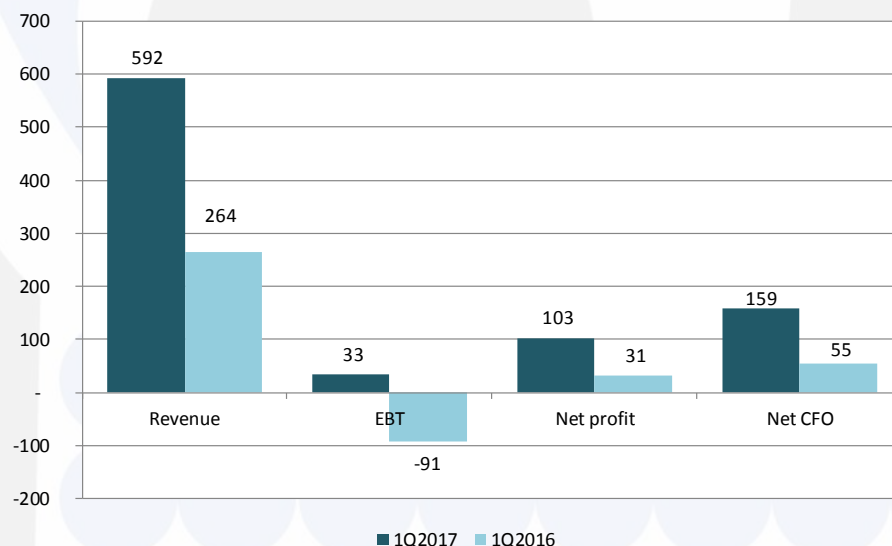


# Financial and operational highlights - 1Q2017

	1Q2017	1Q2016	Change	%
<b>Macroenvironment</b>				
Brent, average (US\$/bbl)	53,7	33,9	19,80	58%
KZT/USD, average	322,31	356,56	(34,25)	-10%
KZT/USD, period end	313,73	343,62	(29,89)	-9%
<b>Operational highlights</b>				
Production, oil and gas condensate (mln tonnes)	5,76	5,75	0,02	0%
Gas production, natural and associated (bcm)	2,03	1,93	0,10	5%
Transportation, oil (mln tonnes)	14,26	14,35	(0,09)	-1%
Transportation, gas (bcm)	25,60	26,30	(0,70)	-3%
Refining (mln tonnes)*	4,19	3,32	0,88	26%

\*share of NC KMG in kazakh refineries plus KMG

Selected IS and CFS items (KZT bln)



## The Company's environment in 1Q2017:

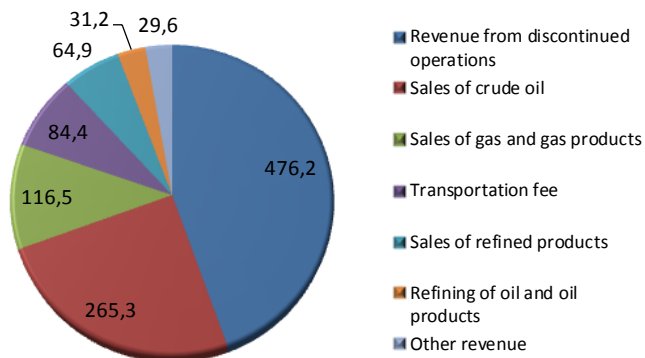
- Boost in average Brent price by 58% YoY had its positive effect on the revenue growth and triggered rental tax charges.
- The average value of the export rent tax equaled USD49/bbl. vs USD40/bbl. in 1Q2016.
- KZT has appreciated by 10%.

## Financial results 1Q2017:

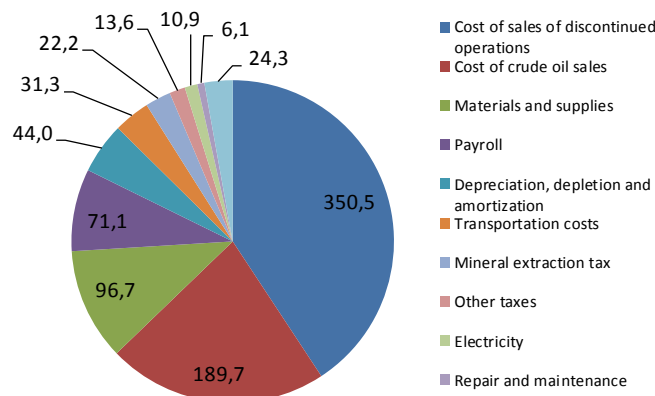
- Revenue increased to KZT592bn against KZT264bn in 1Q2016 (+124% YoY).
- The net profit reached KZT103bn vs KZT31bn in 1Q2016 (+228% YoY).
- Cash flows from operating activities amounted to KZT159bn against KZT55bn in 1Q2016 (+192% YoY).

# Revenue, cost of sales, other OPEX

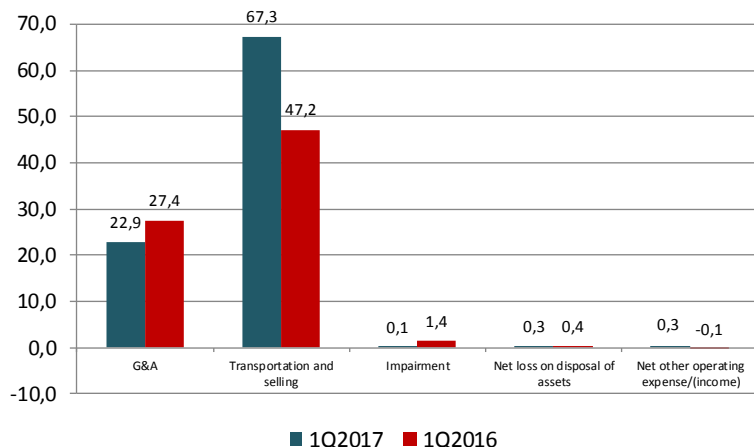
Revenue break-down, total KZT1 068 bn (1Q2017)



Cost of sales break-down, total KZT861 bn (1Q2017)



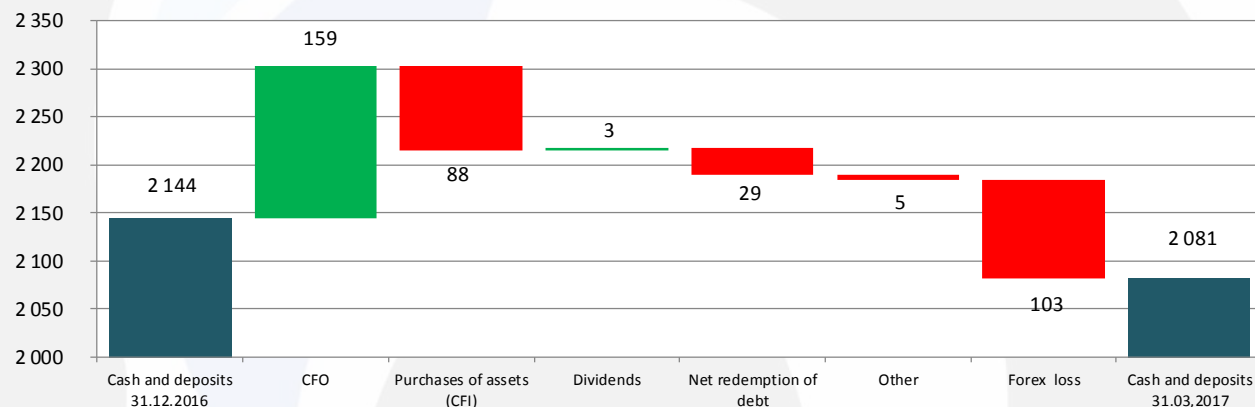
Other OPEX 1Q2017 - KZT91bn vs 1Q2016 - KZT76bn



- The surge in revenue by 124% is mainly driven by two factors: **a)** The average Brent price hitting USD53,7/bbl in 1Q2017 amid 1Q2016 average of USD33,9/barrel, implying +58% growth YoY; **b)** The sale of oil under the oil supply agreement (KZT270,8bn in 1Q2017). According to the terms of the contract, the delivery of oil began in April 2016.
- The cost of sales rose by 70% YoY (KZT509,9bn vs. KZT300,2bn) mainly due to the cost of oil purchased for the contract of oil supply - KZT189,7bn (KZT 0 in 1Q2016).
- An increase in other operating expenses is mainly driven by rent tax, totalling KZT18,6bn (KZT 0 in 1Q2016) in transportation and selling expenses. The rent tax rate equaled 11% in 1Q2017 vs. 0% in 1Q2016 due to growth of average Brent price.
- G&A decreased by KZT4,5bn, declining 17% YoY.

# Cash & deposits, indebtedness, CAPEX

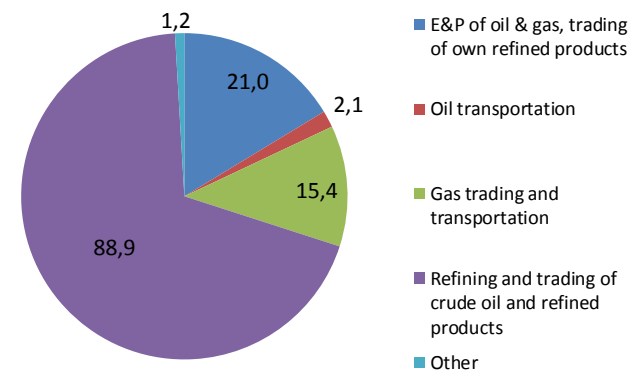
Changes in cash and deposits over 1Q2017 (KZTbn)\*



\*Including the share of discontinued operations

	USDbn	31.03.2017	31.12.2016	Changes	%
Bonds		5,98	5,91	0,06	1%
Loans		3,39	3,30	0,08	3%
Debt, attributable to discontinued operations		0,65	0,62	0,03	5%
<b>Total</b>		<b>10,02</b>	<b>9,84</b>	<b>0,18</b>	<b>2%</b>
Cash and deposits		6,53	6,33	0,20	3%
Cash and deposits attributable to discontinued operations		0,10	0,10	0,00	2%
<b>Net debt</b>		<b>3,39</b>	<b>3,41</b>	<b>(0,02)</b>	<b>-1%</b>

CAPEX by segment, total KZT128bn



- Net debt of NC KMG went down by 1% over 1Q2017 to USD3,39bn.
- Cash + deposits, including those of discontinued operations amounted to USD6,63bn (12% in KZT, 88% in foreign currency).
- Capital expenditures amounted to KZT128bn, which is 11% lower than in 1Q2016.
- Repayment of loans and bonds totalled KZT70,2bn.
- Subsequently in April 2017 the Company placed USD2,75bn eurobonds.



# Appendix 1. Condensed Income statement

	1Q2017	1Q2016	Change	%
<b>Macroenvironment</b>				
<i>Brent, average (US\$/bbl)</i>	53,7	33,9	19,80	58%
<i>KZT/USD, average</i>	322,31	356,56	(34,25)	-10%
<i>KZT/USD, period end</i>	313,73	343,62	(29,89)	-9%
<i>bn. tenge</i>				
<b>Revenue</b>	<b>591,9</b>	<b>264,1</b>	<b>327,8</b>	<b>124%</b>
Cost of sales	(510,0)	(300,2)	(209,7)	70%
<b>Gross profit/(loss)</b>	<b>81,9</b>	<b>(36,1)</b>	<b>118,0</b>	<b>н.п.</b>
	<b>0,0</b>	<b>0,0</b>		
<b>Other OPEX</b>	<b>(0,1)</b>	<b>(0,1)</b>	<b>(0,0)</b>	<b>19%</b>
G&A expenses	(22,9)	(27,4)	4,5	-17%
Transportation and selling	(67,3)	(47,2)	(20,1)	43%
Impairment	(0,1)	(1,4)	1,2	-90%
Loss on disposal assets	(0,3)	(0,4)	0,1	-14%
Other operating income	3,2	2,5	0,7	27%
Other operating expenses	(3,6)	(2,4)	(1,1)	45%
<b>Operating loss</b>	<b>(9,1)</b>	<b>(112,4)</b>	<b>103,3</b>	<b>-92%</b>
Net foreign exchange (loss)/gain	(25,6)	2,9	(28,6)	-970%
Net interest expense	(0,0)	(0,0)	(0,0)	1%
Impairment of investments in JVs	14,7	–	н.п.	н.п.
Share in profit of JVs and associates	85,9	50,0	35,9	72%
<b>Gain/(loss) before income tax</b>	<b>33,5</b>	<b>(91,4)</b>	<b>124,9</b>	<b>-137%</b>
Income tax expense	(32,9)	(35,9)	3,0	-8%
Gain/(loss) from continuing operations	0,6	(127,4)	128,0	-100%
Profit after tax from discontinued operations	102,4	158,7	(56,4)	-36%
<b>Net profit for the period</b>	<b>103,0</b>	<b>31,4</b>	<b>71,6</b>	<b>228%</b>

## Appendix 2. Condensed Balance Sheet and CF statement

<i>bn tenge</i>	1Q2017	1Q2016	Changes	%
<b><i>Aggregated Balance Sheet</i></b>				
Cash and cash equivalents*	444	878	(434)	-49%
Deposits in banks	1 605	1 233	372	30%
Other current assets	720	807	(87)	-11%
Other long-term assets	7 819	7 907	(88)	-1%
Assets of assets for sale	1 035	1 059	(24)	-2%
<b>Total assets</b>	<b>11 622</b>	<b>11 883</b>	<b>(261)</b>	<b>-2%</b>
Equity	6 248	6 278	(30)	0%
Loans and Bonds	2 938	3 073	(134)	-4%
Other current liabilities	800	761	39	5%
Other long-term liabilities	1 086	1 207	(121)	-10%
Liabilities of assets for sale	549	564	(15)	-3%
<b>Equity and liabilities</b>	<b>11 622</b>	<b>11 883</b>	<b>(261)</b>	<b>-2%</b>

<i>bn tenge</i>				
<b><i>Aggregated Cash-flow Statement</i></b>				
<b>Cash as at 31.12.2016</b>	<b>905</b>	<b>808</b>	<b>97</b>	<b>12%</b>
CF from operating activities	159	55	105	192%
CF from investment activities	(538)	(139)	(400)	288%
including asset purchases	(88)	(84)	(4)	5%
CF from financing activities	(29)	(156)	127	-81%
Effect of exchange rate differences	(26)	18	(44)	-244%
<b>Cash as at 31.03.2017</b>	<b>471</b>	<b>586</b>	<b>(115)</b>	<b>-20%</b>

\*Cash and equivalents in BS does not include cash and equivalents of discontinued operations

# Abbreviations list

NC KMG – JSC National Company KazMunaiGas  
TCO – Tengizchevroil LLP  
KPO - Karachaganak Petroleum Operating B.V.  
MMG – JSC Mangystaumunaigaz  
OMG – JSC OzenMunaiGas  
KGM – JV Kazgermunai LLP  
EMG – JSC EmbaMunaiGas  
CCEL – CITIC Canada Energy Limited (holds 94% in JSC Karazhanbasmunai)  
PKKR – JSC PetroKazakhstan Kumkol Resources  
NCOC – North Caspian Operating Company N.V.  
PKOP – PetroKazakhstan Oil Products LLP  
KTO – JSC KazTransOil  
KCP - Kazakhstan-China Pipeline LLP  
MunaiTas – JSC MunaiTas North-West Pipeline Company  
ICA – JSC Intergas Central Asia  
AGP – Asia Gas Pipeline LLP  
BSH Gaspipeline - Beineu-Shymkent Gas Pipeline LLP  
KTG Aimak – JSC KazTransGas Aimak  
bbl – barrel  
KZT –Tenge (national currency)  
USD - US dollars  
Bn – billion  
Mcm – million cubic meters  
Bcm – billion cubic meters