



ҚазМұнайГаз
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

National Company KazMunayGas

Operational and financial results

9M 2019



Disclaimer

Forward-looking statements

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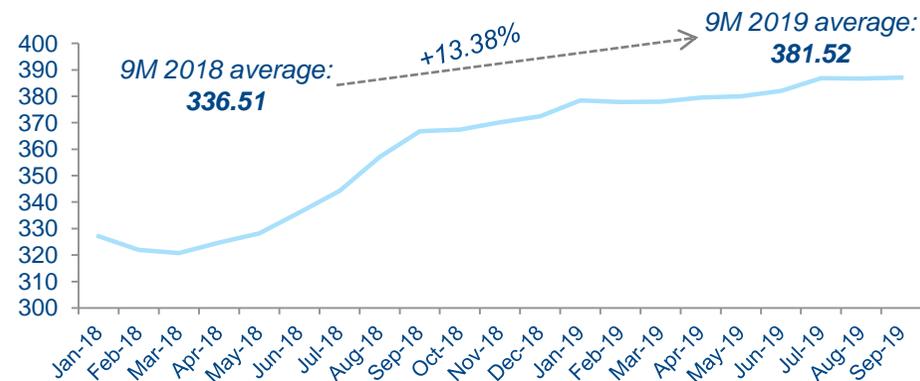
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Key factors impacting performance

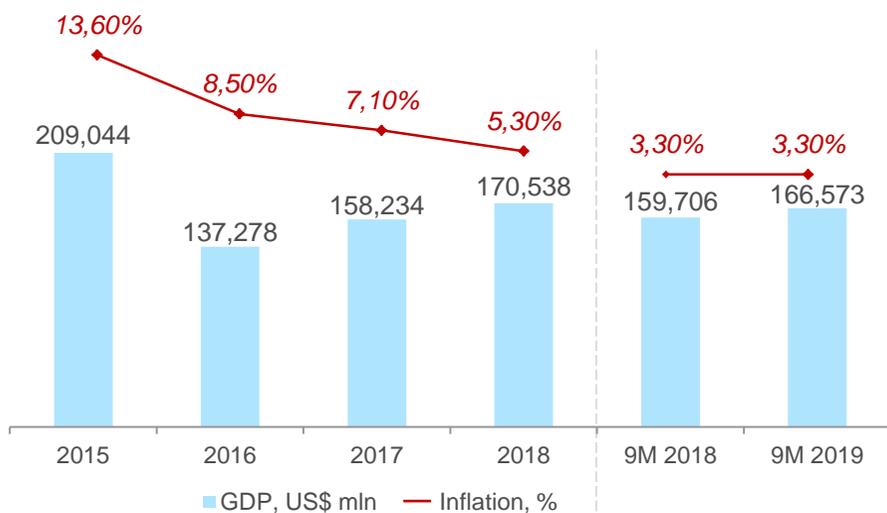
Brent price, US\$/bbl



US\$/KZT rate



GDP and inflation



Credit rating

| Moody's | S&P | Fitch |
|----------|--------|--------|
| Baa3 | BB | BBB- |
| positive | stable | stable |

- On 22 August 2019 Moody's upgraded its rating on KMG's standalone basis to Ba2, long-term rating affirmed at Baa3 with outlook changed from stable to positive;
- On 28 March 2019, Fitch affirmed its rating on KMG at 'BBB-' with a stable outlook and upgraded KMG's standalone rating from 'b' to 'bb-';
- On 8 November 2018, S&P upgraded its rating on KMG from 'BB-' to 'BB', with stable outlook, and assessed KMG's stand-alone credit profile at 'b+', compared with 'b' previously.

Key recent developments

Operational

- KMG's oil and condensate production for the nine months of 2019 is in line with the plan, KMG is on track to achieve its annual production plan;
- In July 2019, KMG and Eni S.p.A. obtained subsoil use rights for the offshore Abai area;
- In September 2019, KMG and LUKOIL signed an Agreement on joint site explorations in the RK;
- In September 2019, KMG and Equinor signed an Agreement on joint site explorations which assume geological and geophysical surveys to identify the hydrocarbon potential of oil and gas sites in the Republic of Kazakhstan.

Corporate

- In April 2019, Mr. Luis Maria Viana Palha Da Silva was elected as Board Member – Independent director of KMG;
- In May 2019, Mr. Anthony Espina was elected as Board Member of KMG representing core shareholder Samruk-Kazyna;
- In accordance with a Presidential decree, KMG fully settled its commitments for the construction of new social facilities (a 7,000-seat stadium and congress hall) in Turkestan for a total amount of KZT 21 bln. Along with this, in August 2019, KMG financed the construction of 1000-seat amphitheater worth KZT 1.8 bln in Turkestan.

Financial

- During the nine months of 2019 KMG made a settlement of the TCO crude oil prepayments in the amount of USD 1.8 bln, which includes a USD 1.3 bln settlement ahead of the schedule;
- In July 2019, the Atyrau refinery has switched the currency of the loan due to DBK for the amount equivalent to USD 152 mln from “USD” to “tenge” as a part of a FX risk mitigation measure;
- In August 2019, KMG and KTG issued a financial guarantee (each responsible for 50%) to refinance the loan obtained by Beineu-Shymkent Gas Pipeline LLP, for the total amount of USD 720 mln in order to improve terms of the financing;
- In August 2019, Moody's rating agency affirmed KMG's long-term rating at Baa3 with the outlook changed from “stable” to “positive”, whereas standalone rating of KMG has been upgraded from Ba3 to Ba2.

Financials

| Brent, average (US\$/bbl) | 64.59 | | 72.13 | | -10.45% | |
|---|---------|------------------------|---------|------------------------|----------|------------------------|
| US\$/KZT rate, average | 381.52 | | 336.51 | | +13.38% | |
| Item | 9M 2019 | | 9M 2018 | | % change | |
| | KZT bn | US\$ mn ⁽⁵⁾ | KZT bn | US\$ mn ⁽⁵⁾ | KZT bn | US\$ mn ⁽⁵⁾ |
| Revenue | 5,128 | 13,441 | 5,225 | 15,528 | -1.86% | -13.44% |
| Share in profit of JVs and assoc.-s | 639 | 1,674 | 533 | 1,584 | +19.81% | +5.68% |
| EBITDA ⁽¹⁾ | 1,592 | 4,173 | 1,459 | 4,335 | +9.13% | -3.75% |
| Net Profit | 794 | 2,082 | 648 | 1,926 | +22.54% | +8.08% |
| Capex (on accrual basis) ⁽²⁾ | 289 | 757 | 272 | 809 | +6.15% | -6.38% |
| FCF adjusted ⁽³⁾ | 319 | 835 | 225 | 668 | +41.79% | +25.06% |
| Net debt ⁽⁴⁾ | 2,663 | 6,863 | 2,167 | 6,055 | +22.91% | +13.34% |
| ROACE (%) | 8.0 | | 7.2 | | +0.9pp | |

(1) Starting from 1Q 2018 KMG calculates EBITDA for any relevant period as "Revenue + Finance income - Cost of sales – G&A expenses – Transportation and selling expenses + Depreciation, depletion and amortization + Share in profit of JVs and associates";

(2) Capital expenditures (accrual basis) are as per segmented reporting of consolidated financial statements;

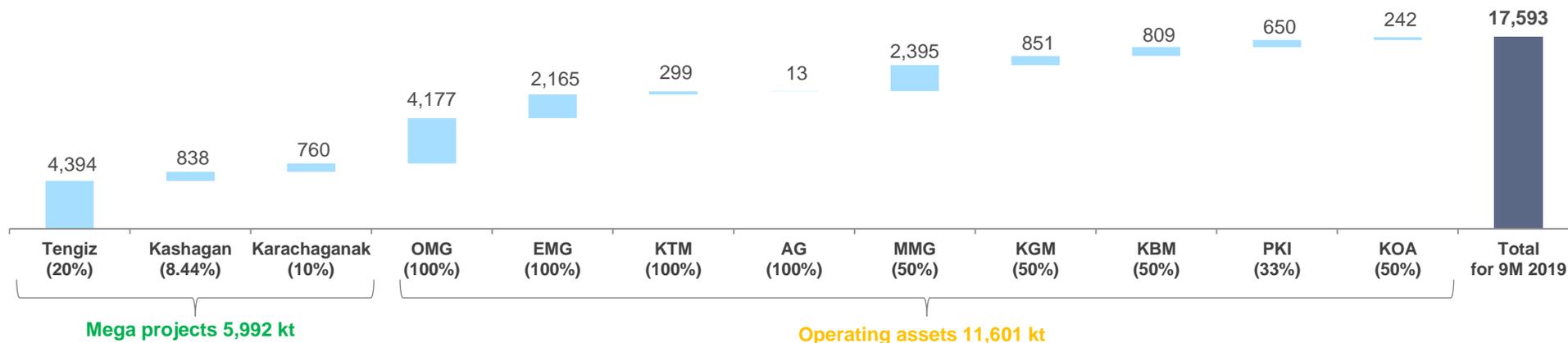
(3) The Company calculates FCF adjusted for any relevant period as CFO + TCO prepayments, net – Capex (cash basis) + Dividends received from joint ventures and associates (cash basis);

(4) Net Debt is shown as at 30 September 2019 and 31 December 2018;

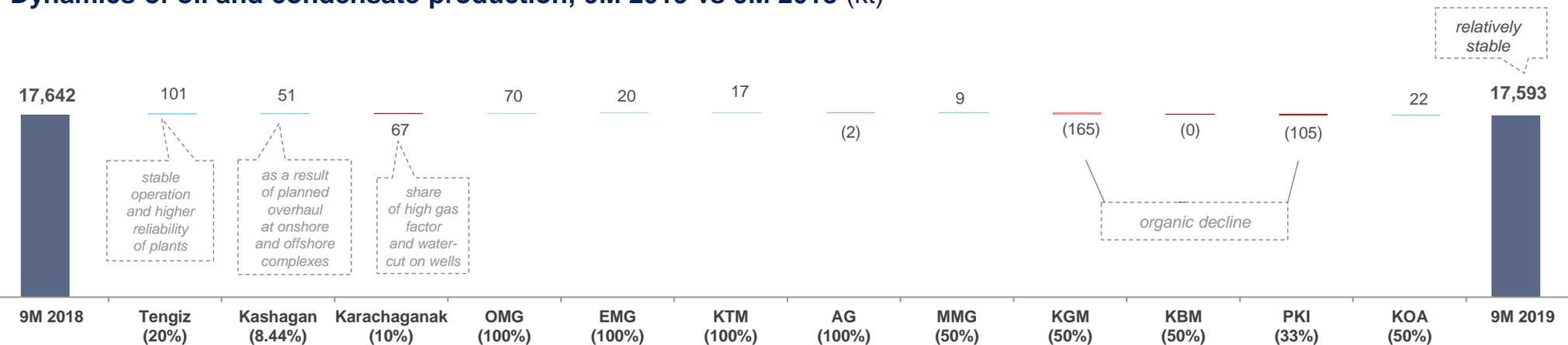
(5) All figures were converted from KZT to US\$ at the following average exchange rates (NBRK): for 9M 2019 – 381.52, for 9M 2018 – 336.51; All figures were converted from KZT to US\$ at the following period-end exchange rates (NBRK): for 9M 2019 – 387.99, for 2018 – 384.20.

Upstream: Oil and gas condensate

Oil and condensate production structure, 9M 2019 (kt)

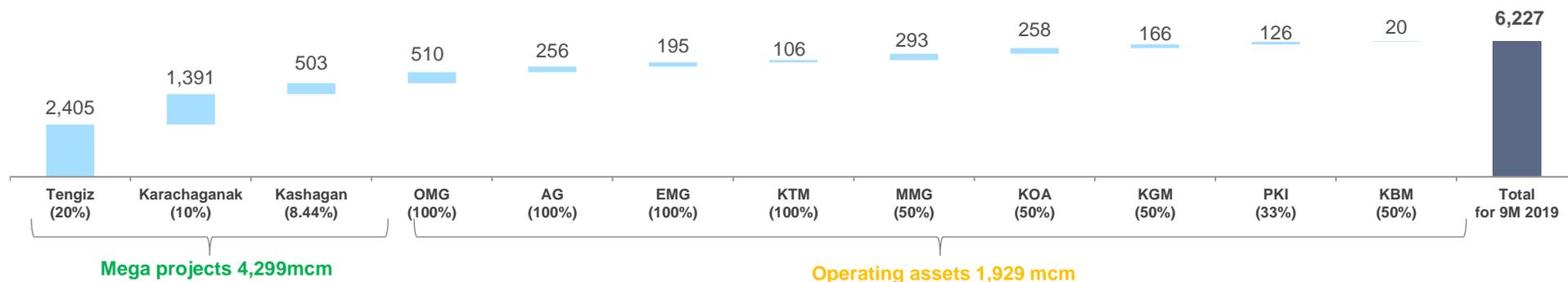


Dynamics of oil and condensate production, 9M 2019 vs 9M 2018 (kt)

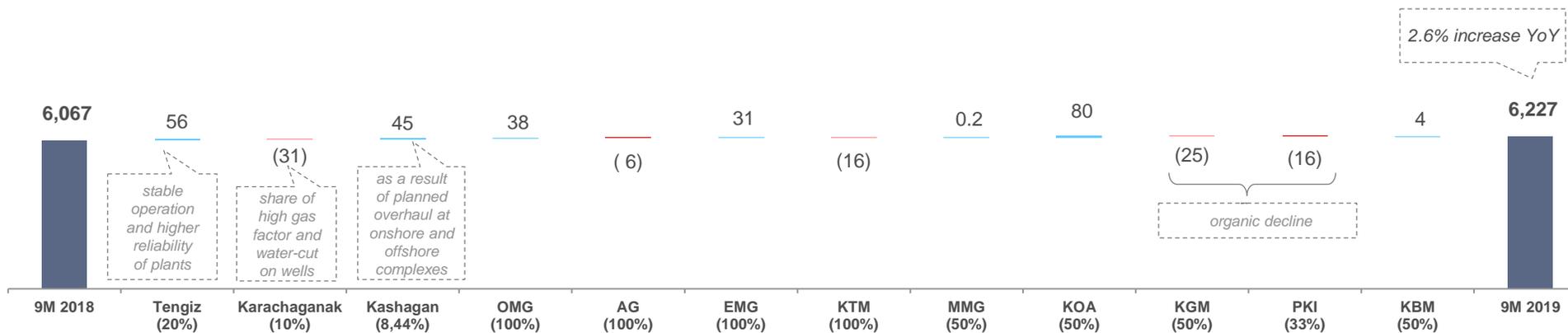


Upstream: Natural and associated gas

Gas production structure, 9M 2019 (mcm)

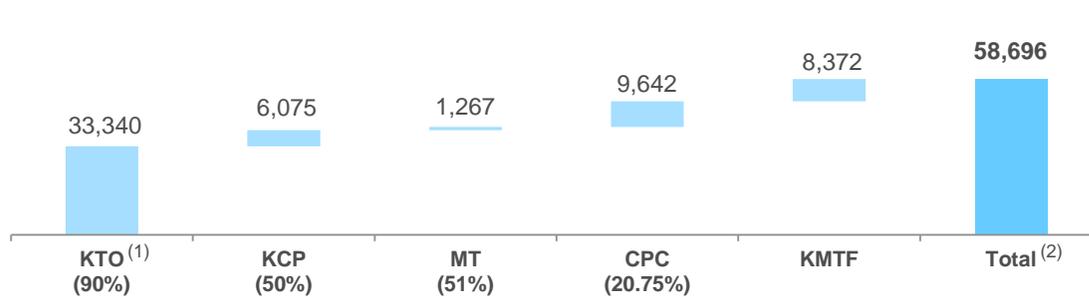


Dynamics of gas production, 9M 2019 vs 9M 2018 (mcm)

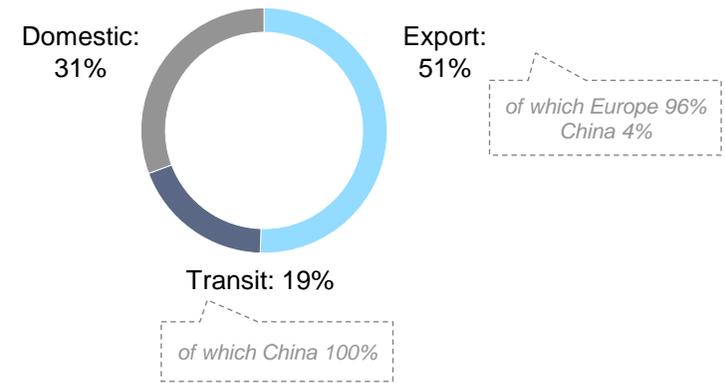


Midstream: Crude oil transportation

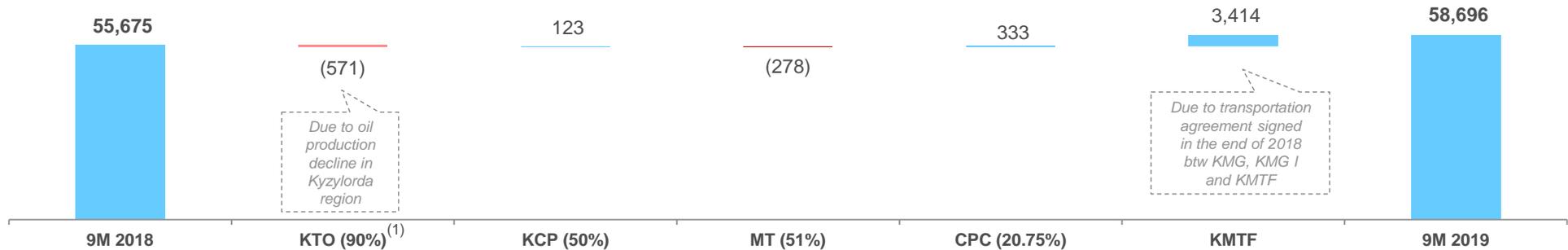
Oil transportation structure, 9M 2019 (kt)



Oil pipeline throughput by direction, 9M 2019 (40,447 kt)



Dynamics of oil transportation, 9M 2019 vs 9M 2018 (kt)

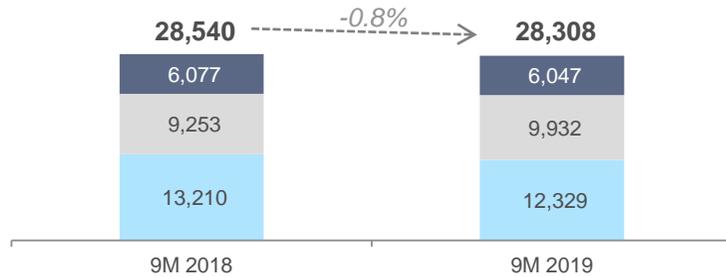


(1) 10% of shares of the KTO are owned by minority shareholders who acquired them within the "People's IPO" program; 90% of shares are owned by KMG.
 (2) Consolidated crude oil transportation volume includes crude oil transportation volume of each individual pipeline company in accordance with KMG operating share: KTO(100%)+KCP(50%)+MT(51%)+CPC(20.75%)+KMTF(100%). Some volumes can be transported by two or three pipeline companies.

Midstream: Crude oil pipeline transportation

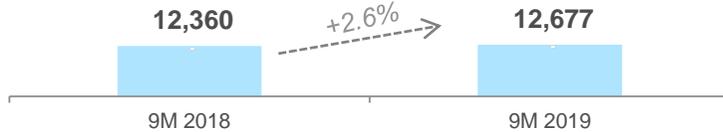
KTO oil transportation turnover by directions and tariffs, (mt*km)

Uzen-Atyrau-Samara, domestic



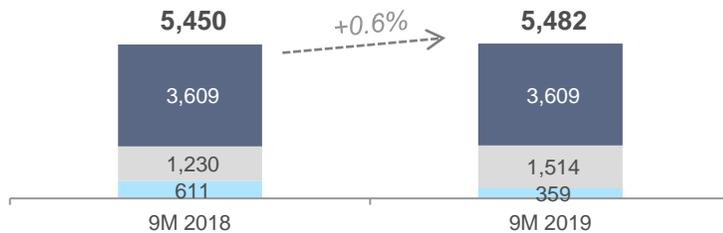
CPC oil transportation turnover by directions and tariffs, (mt*km)

Tengiz-Novorossiysk



KCP oil transportation turnover by directions and tariffs, (mt*km)

*West Kazakhstan – China**



■ Export ■ Domestic ■ Transit

* includes pipelines Atasu-Alashankou, Kenkiyak-Kumkol

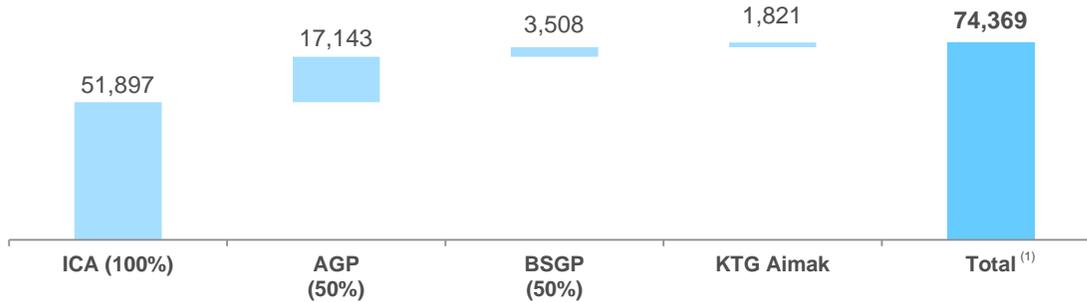
| Direction | UoM | Average tariffs (KZT) | Average tariffs (USD) | % change (9M 2018 vs 9M 2019) |
|-----------|-----------------|-----------------------|-----------------------|-------------------------------|
| Export | tn per 1,000 km | 6,399 | 16.77 | + 10% |
| Domestic | tn per 1,000 km | 4,722 | 12.38 | + 10% |
| Transit | per tonne | 1,614 | 4.23 | + 36% |

| Direction | UoM | Average tariffs (KZT) | Average tariffs (USD) | % change (9M 2018 vs 9M 2019) |
|-----------|-----------|-----------------------|-----------------------|-------------------------------|
| Export | per tonne | 14,497 | 38 | no change |

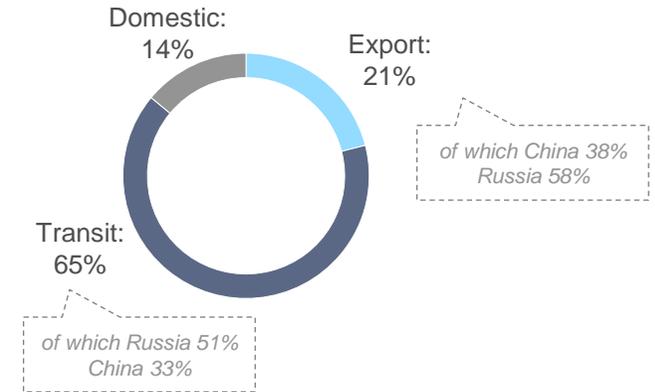
| Direction | UoM | Average tariffs (KZT) | Average tariffs (USD) | % change (9M 2018 vs 9M 2019) |
|-----------|-----------------|-----------------------|-----------------------|-------------------------------|
| Export | tn per 1,000 km | 6,799 | 17.82 | - |
| Domestic | tn per 1,000 km | 7,158 | 18.76 | + 10.0% |
| Transit | per tonne | 4,109 | 10.77 | + 30.5% |

Midstream: Gas transportation

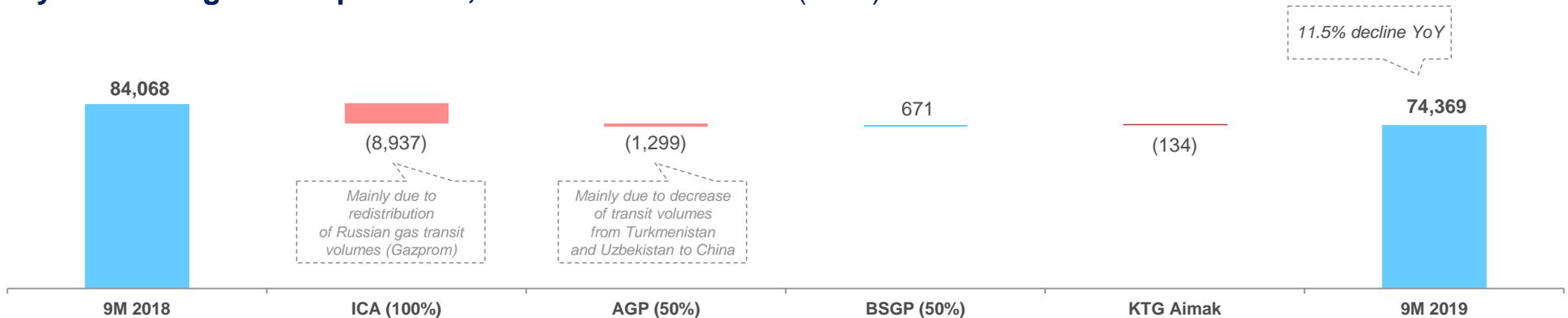
Gas transportation structure, 9M 2019 (mcm)



Gas pipeline throughput by direction, 9M 2019 (66,338 mcm)



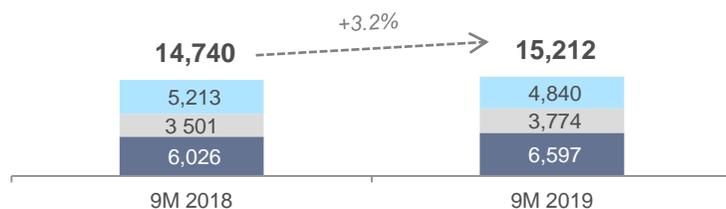
Dynamics of gas transportation, 9M 2018 and 9M 2019 (mcm)



Midstream: Gas transportation

ICA gas transportation turnover by directions and tariffs, (mcm*km)

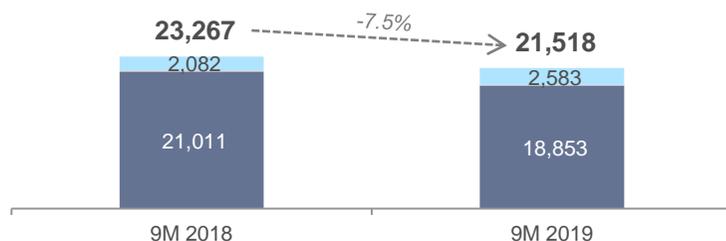
Central Asia – Russia



| Direction | UoM | Average tariffs (KZT) | Average tariffs (USD) | % change (9M 2018 vs 9M 2019) |
|-----------|--------------------------|-----------------------|-----------------------|-------------------------------|
| Export | KZT/ 1,000 m3 per 100 km | 1,488 | 3.9 | - 4% |
| Domestic | KZT/ 1,000 m3 | 2,213 | 5.8 | - |
| Transit | KZT/ 1,000 m3 per 100 km | 763 | 2.00 | - |

AGP gas transportation turnover by directions and tariffs, (mcm*km)

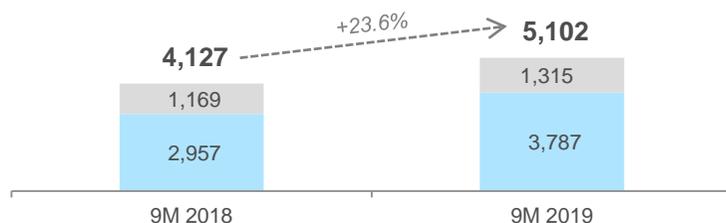
Central Asia – China



| Direction | UoM | Average tariffs (KZT) | Average tariffs (USD) | % change (9M 2018 vs 9M 2019) |
|-----------|--------------------------|-----------------------|-----------------------|-------------------------------|
| Export | KZT/ 1,000 m3 per 100 km | 1,366 | 3.58 | - |
| Domestic | KZT/ 1,000 m3 | 3,494 | 9.16 | - |
| Transit | KZT/ 1,000 m3 per 100 km | 1,366 | 3.58 | - |

BSGP gas transportation turnover by directions and tariffs, (mcm*km)

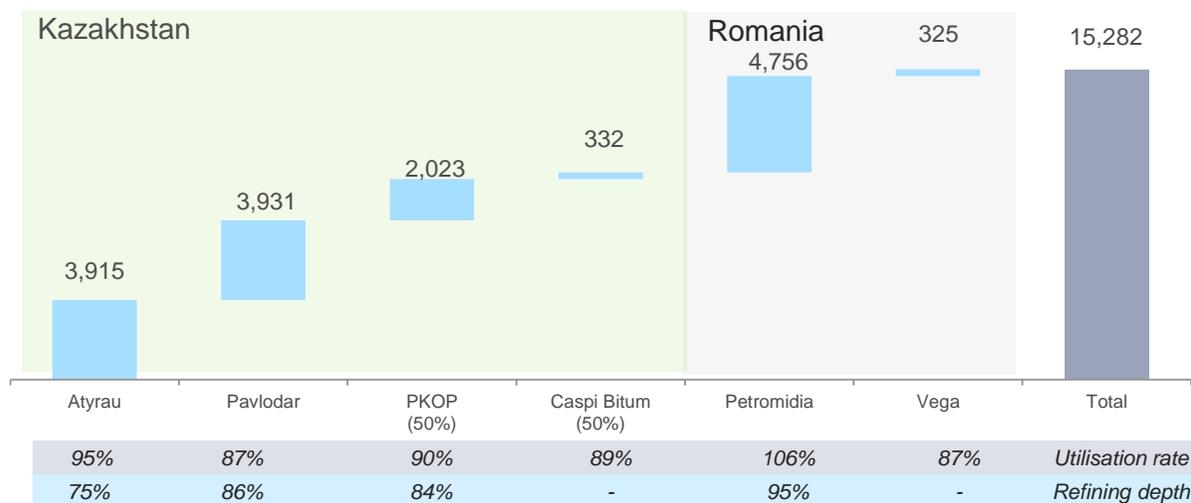
West Kazakhstan- South Kazakhstan – AGP



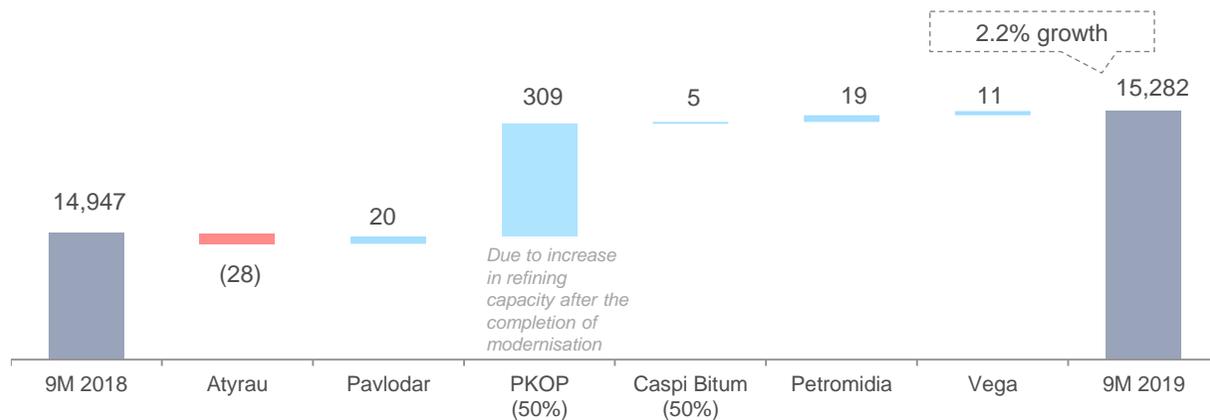
| Direction | UoM | Average tariffs (KZT) | Average tariffs (USD) | % change (9M 2018 vs 9M 2019) |
|-----------|---------------|-----------------------|-----------------------|-------------------------------|
| Export | KZT/ 1,000 m3 | 17,388 | 45.6 | - 4% |
| Domestic | KZT/ 1,000 m3 | 17,388 | 45.6 | - 4% |

Downstream: Refining volumes

Hydrocarbon refining volumes structure, 9M 2019 (kt)



Dynamics of hydrocarbon refining, 9M 2018 and 9M 2019 (kt)

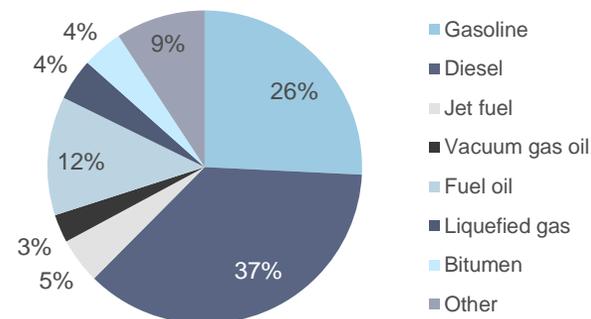


Average processing fee, KZT/tonne

| Refinery | Average fee 9M2019 | % change (9M2018 vs 9M2019) |
|-------------|-----------------------|-----------------------------|
| Atyrau | 37,436 | +14,0% |
| Pavlodar | 19,805 | +14,8% |
| PKOP | 23,287 | +26,3% |
| Caspi Bitum | 18,012 ⁽¹⁾ | +0,0% |

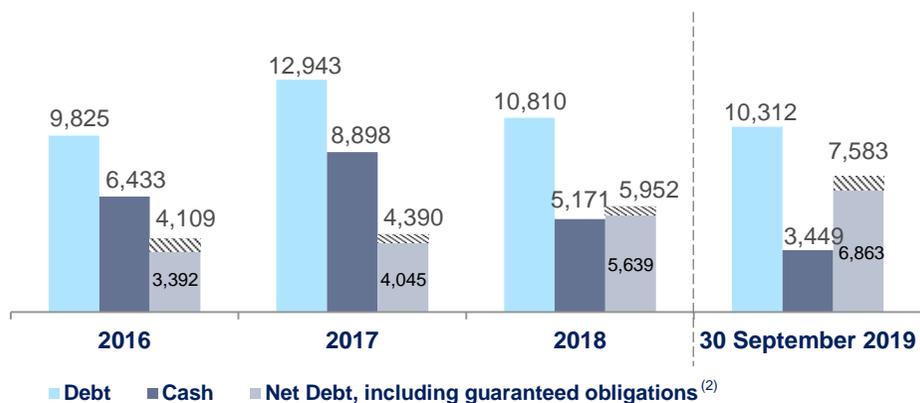
Oil products breakdown, %

In 9M2019 the share of gasoline and diesel fuel totaled to 62% and remained almost unchanged YoY in the KMG's refining products structure.

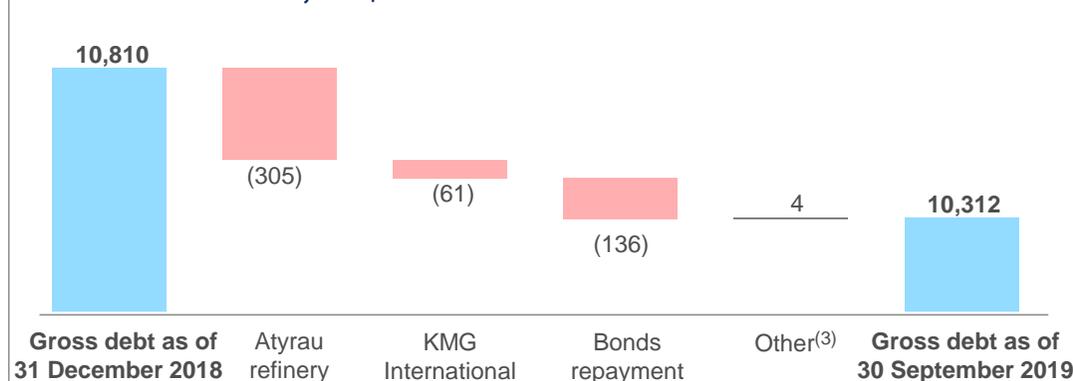


Financial position

Debt ⁽¹⁾, US\$ mln



Debt movement, US\$ mln



Debt maturity profile (nominal), US\$ mln



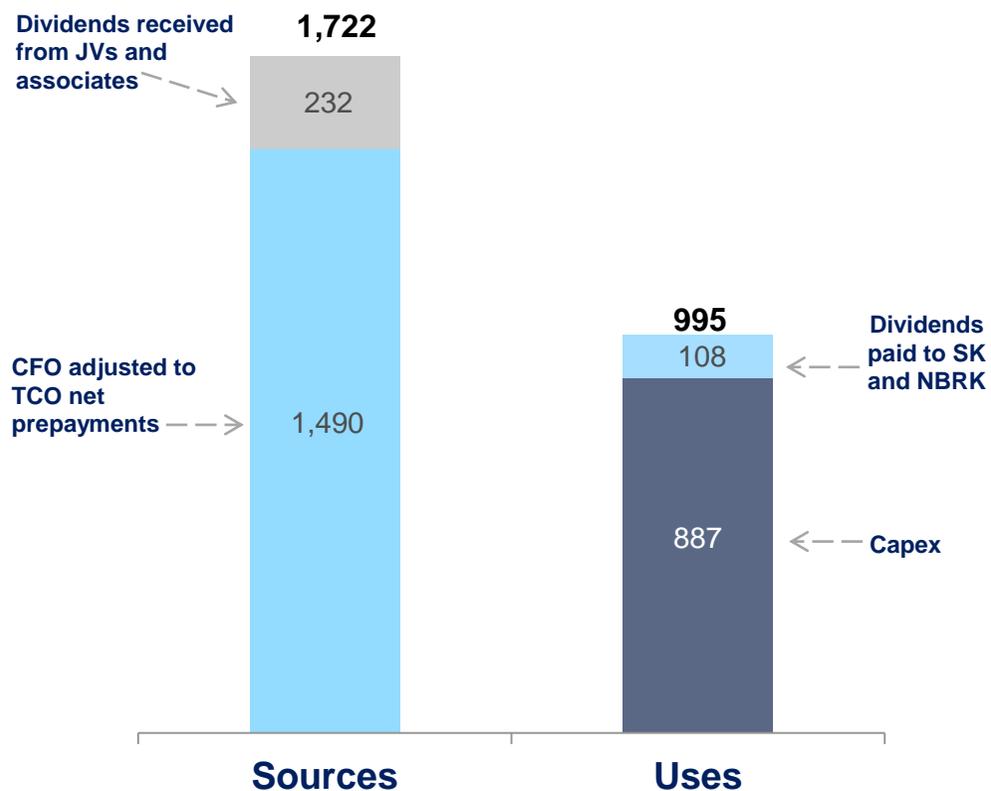
(1) Calculated with relevant adjustments made for assets classified as for sale;

(2) Guaranteed obligations as of YE2017 and YE2018 include GPC and BSGP, as of YE2016 and YE2019 only BSGP;

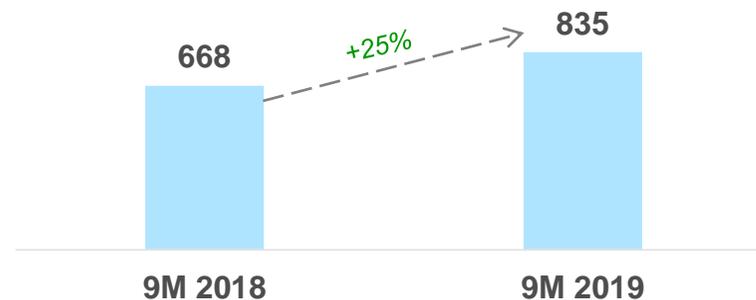
(3) Other includes change in FX rate, discounts etc.

Cash sources and uses

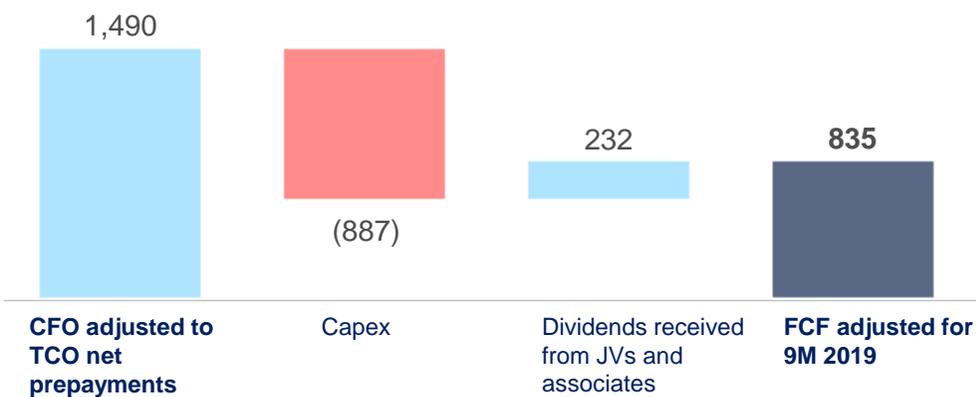
Cash flow allocation 9M 2019, US\$ mln



FCF adjusted, US\$ mln

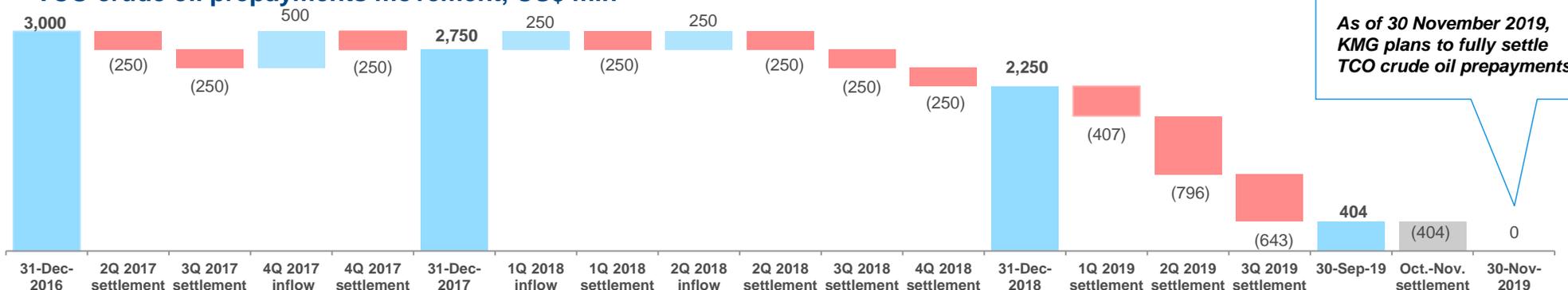


FCF adjusted 9M 2019, US\$ mln by components

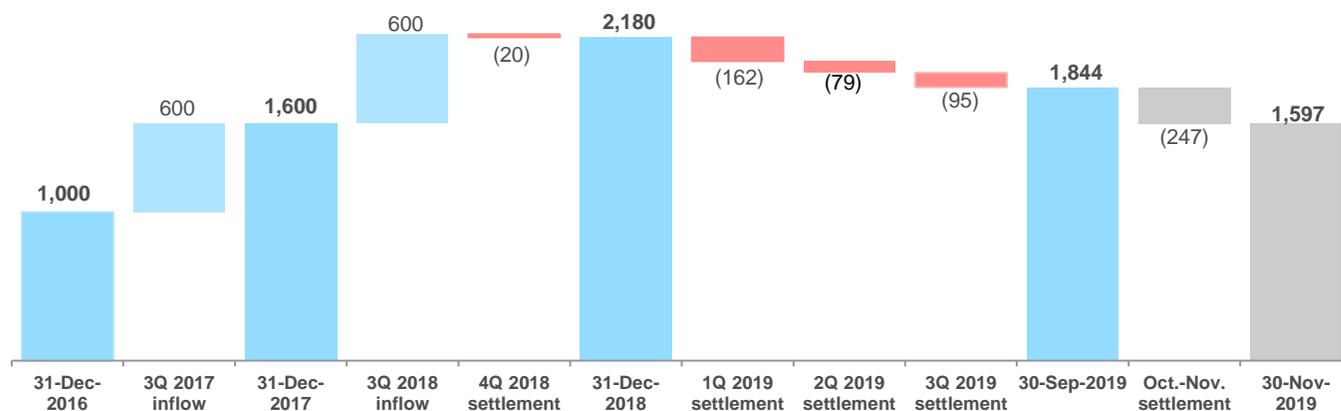


Prepayments overview

TCO crude oil prepayments movement, US\$ mln



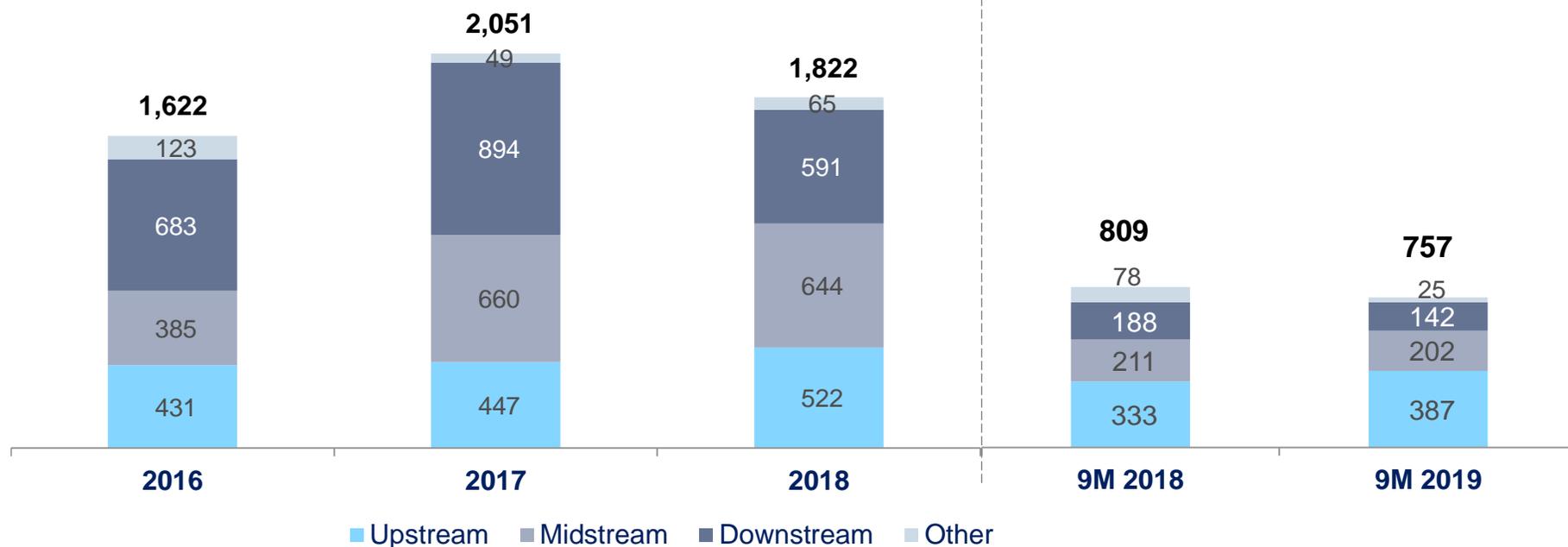
Kashagan ⁽¹⁾ crude oil prepayments movement, US\$ mln



- TCO crude oil deliveries:**
 Total minimum delivery volume approximates 38 mn tonnes of crude oil and 1mn tonnes of LPG, until March 2021. Expected to be settled by the end of November 2019.
- Kashagan crude oil deliveries:**
 Kashagan presales are expected to be settled by crude oil supply within January 2019 - August 2025.

Capex, US\$ mln

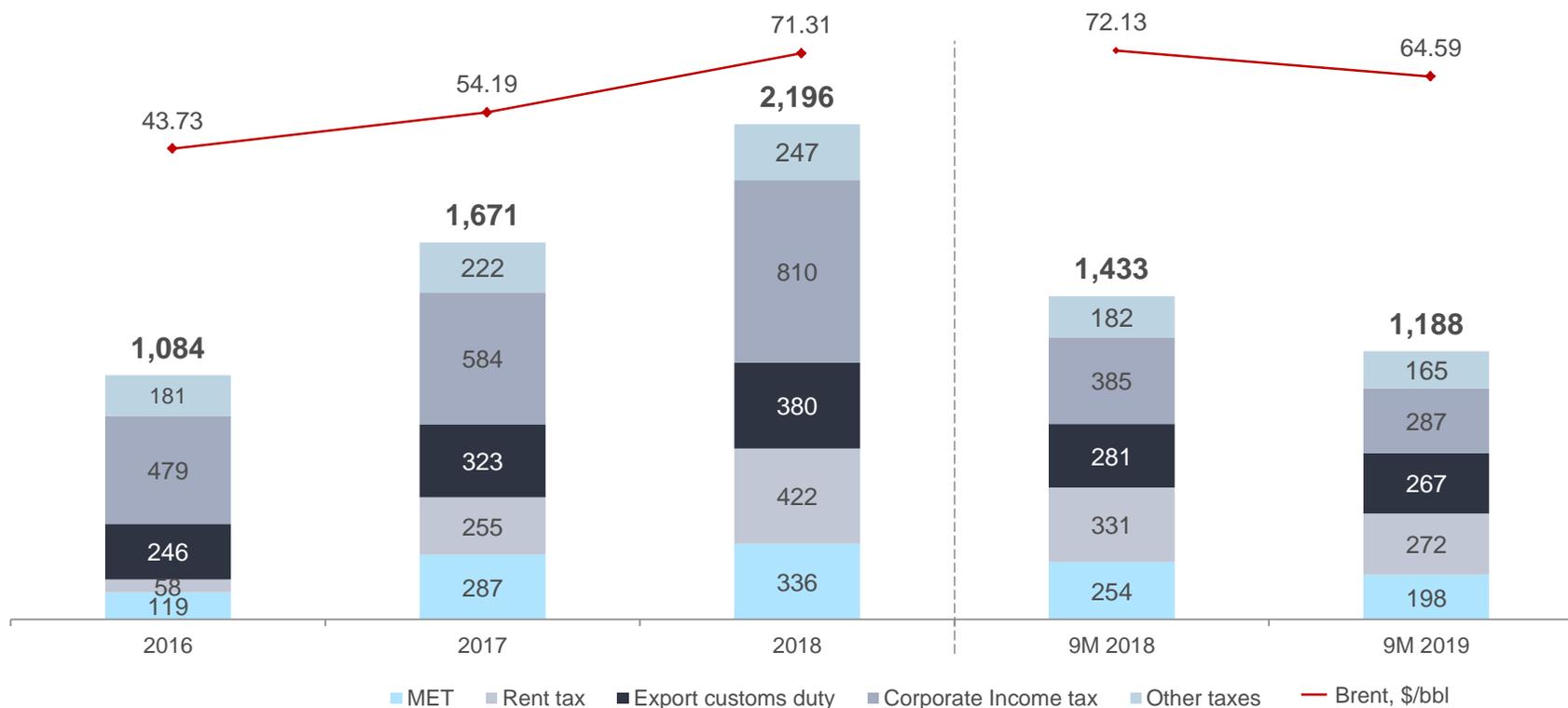
| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Brent, \$/bbl | 43.73 | 54.19 | 71.31 | 72.13 | 64.59 |
| Oil production, mbbbl⁽¹⁾ | 169.02 | 174.80 | 176.74 | 132.12 | 132.09 |



| | | | | | | |
|-------------------|-----------------|-------|-------|-------|-----|-----|
| Cash capex | US\$ mln | 1,360 | 1,424 | 1,248 | 924 | 887 |
| | KZT bln | 465 | 464 | 430 | 311 | 338 |

Tax components

KMG consolidated taxes⁽¹⁾, US\$ mln



| Taxes paid ⁽²⁾ | US\$ mln | 2,597 | 3,150 | 4,188 | 3,109 | 3,044 |
|---------------------------|----------|-------|-------|-------|-------|-------|
| | KZT bln | 887 | 1,027 | 1,444 | 1,046 | 1,162 |

(1) Taxes are on accrual basis;
 (2) Taxes paid are on cash basis, and include Income taxes paid and Other taxes and payments to the budget



Appendix

Interim condensed consolidated statement of financial position

(in KZT mln)

| BALANCE SHEET | September 30, 2019 (unaudited) | December 31, 2018 (audited) | change | change, % |
|--|-----------------------------------|--------------------------------|------------------|-------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 4,420,619 | 4,515,170 | (94,551) | -2% |
| Right-of-use assets | 39,334 | - | 39,334 | 100% |
| Exploration and evaluation assets | 192,379 | 189,800 | 2,579 | 1% |
| Investment property | 3,096 | 24,188 | (21,092) | -87% |
| Intangible assets | 166,982 | 173,077 | (6,095) | -4% |
| Long-term bank deposits | 51,044 | 52,297 | (1,253) | -2% |
| Investments in joint ventures and associates | 5,516,701 | 4,895,444 | 621,257 | 13% |
| Deferred income tax asset | 99,860 | 97,881 | 1,979 | 2% |
| VAT receivable | 110,370 | 113,073 | (2,703) | -2% |
| Advances for non-current assets | 72,388 | 27,176 | 45,212 | 166% |
| Loans and receivables due from related parties | 652,680 | 638,528 | 14,152 | 2% |
| Other financial assets | 5,616 | 4,753 | 863 | 18% |
| Other non-current assets | 19,727 | 16,942 | 2,785 | 16% |
| | 11,350,796 | 10,748,329 | 602,467 | 6% |
| Current assets | | | | |
| Inventories | 269,288 | 312,299 | (43,011) | -14% |
| VAT receivable | 80,574 | 66,522 | 14,052 | 21% |
| Income tax prepaid | 36,470 | 53,143 | (16,673) | -31% |
| Trade accounts receivable | 533,919 | 493,977 | 39,942 | 8% |
| Short-term bank deposits | 500,471 | 386,459 | 114,012 | 30% |
| Loans and receivables due from related parties | 134,064 | 148,615 | (14,551) | -10% |
| Other current assets | 198,949 | 204,723 | (5,774) | -3% |
| Cash and cash equivalents | 786,715 | 1,539,453 | (752,738) | -49% |
| | 2,540,450 | 3,205,191 | (664,741) | -21% |
| Assets classified as held for sale: | 29,301 | 61,760 | (32,459) | -53% |
| | 2,569,751 | 3,266,951 | (697,200) | -21% |
| Total assets | 13,920,547 | 14,015,280 | (94,733) | -1% |

Interim condensed consolidated statement of financial position (continued)

(in KZT mln)

| EQUITY AND LIABILITIES | September 30, 2019 (unaudited) | December 31, 2018 (audited) | change | change, % |
|---|-----------------------------------|--------------------------------|------------------|-------------|
| Equity | | | | |
| Share capital | 916,541 | 916,541 | - | 0% |
| Additional paid-in capital | 40,794 | 40,794 | - | 0% |
| Other equity | 83 | 83 | - | 0% |
| Currency translation reserve | 1,801,906 | 1,764,108 | 37,798 | 2% |
| Retained earnings | 5,112,633 | 4,341,062 | 771,571 | 18% |
| Attributable to equity holder of the Parent Company | 7,871,957 | 7,062,588 | 809,369 | 11% |
| Non-controlling interest | 39,675 | 80,480 | (40,805) | -51% |
| Total equity | 7,911,632 | 7,143,068 | 768,564 | 11% |
| Non-current liabilities | | | | |
| Borrowings | 3,736,522 | 3,822,648 | (86,126) | -2% |
| Provisions | 252,700 | 229,797 | 22,903 | 10% |
| Deferred income tax liabilities | 523,936 | 479,598 | 44,338 | 9% |
| Financial guarantee | 17,899 | 11,501 | 6,398 | 56% |
| Lease liabilities | 36,123 | 6,550 | 29,573 | 451% |
| Prepayment on oil supply agreements | - | 480,250 | (480,250) | -100% |
| Other non-current liabilities | 31,876 | 33,712 | (1,836) | -5% |
| | 4,599,056 | 5,064,056 | (465,000) | -9% |
| Current liabilities | | | | |
| Borrowings | 264,487 | 330,590 | (66,103) | -20% |
| Provisions | 63,928 | 98,471 | (34,543) | -35% |
| Income tax payable | 19,698 | 13,272 | 6,426 | 48% |
| Trade accounts payable | 621,359 | 632,739 | (11,380) | -2% |
| Other taxes payable | 108,012 | 105,026 | 2,986 | 3% |
| Financial guarantee | 4,235 | 1,831 | 2,404 | 131% |
| Lease liabilities | 13,789 | 2,656 | 11,133 | 419% |
| Prepayment on oil supply agreements | 152,325 | 384,200 | (231,875) | -60% |
| Other current liabilities | 162,026 | 234,332 | (72,306) | -31% |
| | 1,409,859 | 1,803,117 | (393,258) | -22% |
| Liabilities directly associated with assets classified as held for sale | - | 5,039 | (5,039) | -100% |
| Total liabilities | 6,008,915 | 6,872,212 | (863,297) | -13% |
| Total equity and liabilities | 13,920,547 | 14,015,280 | (94,733) | -1% |

Interim condensed consolidated statement of profit & loss

(in KZT mln)

For the nine months ended September 30

| INCOME STATEMENT | 2019 (unaudited) | 2018 (unaudited) | change | change, % |
|--|---------------------|---------------------|-----------------|-------------|
| Revenue | 5,127,951 | 5,225,317 | (97,366) | -1,9% |
| Cost of sales | (3,837,324) | (3,988,124) | 150,800 | -3,8% |
| Gross profit | 1,290,627 | 1,237,193 | 53,434 | 4,3% |
| General and administrative expenses | (157,140) | (177,486) | 20,346 | -11,5% |
| Transportation and selling expenses | (524,748) | (481,706) | (43,042) | 9% |
| Impairment of property plant and equipment exploration and evaluation assets and intangible assets other than goodwill | (149,810) | (41,556) | (108,254) | 260% |
| Loss on disposal of PPE, intangible assets and investment property, net | (5,993) | (2,094) | (3,899) | 186% |
| Other operating income | 16,850 | 14,799 | 2,051 | 14% |
| Other operating expenses | (13,480) | (15,574) | 2,094 | -13% |
| Operating profit | 456,306 | 533,576 | (77,270) | 14% |
| Net foreign exchange gain/(loss) | (1,502) | (22,432) | 20,930 | -93% |
| Finance income | 93,974 | 139,737 | (45,763) | -33% |
| Finance cost | (245,738) | (352,740) | 107,003 | -30% |
| Gain on disposal of subsidiaries | 17,481 | 18,359 | (878) | -5% |
| Share in profit of joint ventures and associates net: | 638,505 | 532,917 | 105,588 | 20% |
| Profit before income tax | 959,026 | 849,717 | 109,610 | 13% |
| Income tax expense | (164,681) | (204,284) | (39,603) | -19% |
| Profit for the period from continuing operations | 794,345 | 645,133 | 149,212 | 23% |
| Discontinued operations | | | | |
| Profit after income tax for the period from discontinued operations | 6 | 3,094 | (3,088) | -100% |
| Net profit for the period | 794,351 | 648,227 | 146,124 | 23% |

Consolidated statement of comprehensive income (continued)

(in KZT mln)

For the nine months ended September 30

| | 2019 (unaudited) | 2018 (unaudited) |
|---|---------------------|---------------------|
| Other comprehensive income | | |
| <i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i> | | |
| Exchange differences on translation of foreign operations | 41,485 | 280,164 |
| Accumulated differences on translation of disposal group | - | (476) |
| The tax effect of the components of comprehensive income | (3,801) | - |
| Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods | 37,684 | 279,688 |
| <i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i> | | |
| Actuarial (loss)/gain on defined benefit plans of the Group | (845) | 22 |
| Actuarial gain/(loss) on defined benefit plans of joint ventures | 197 | (170) |
| Other comprehensive (loss)/gain not to be reclassified to profit or loss in subsequent periods | (648) | (148) |
| Other comprehensive (loss)/income for the period | 37,036 | 279,540 |
| Total comprehensive income for the period, net of tax | 831,387 | 927,767 |
| Total comprehensive income/(loss) for the period attributable to: | | |
| Equity holders of the Parent Company | 869,004 | 899,417 |
| Non-controlling interests | (37,617) | 28,350 |
| | 831,387 | 927,767 |

Interim condensed consolidated statement of cash flows (direct method)

(in KZT mln)

For the nine months ended September 30

| STATEMENT OF CASH FLOWS | 2019 (unaudited) | 2018 (unaudited) | change | change, % |
|--|---------------------|---------------------|--------------------|--------------|
| Cash flows from operating activities | | | | |
| Receipts from customers | 4,930,154 | 5,404,280 | (474,126) | -9% |
| Payments to suppliers | (3,539,323) | (3,640,328) | 101,005 | -3% |
| Other taxes and payments | (1,057,848) | (962,454) | (95,394) | 10% |
| Income taxes paid | (103,667) | (83,425) | (20,242) | 24% |
| Interest received | 87,542 | 98,047 | (10,505) | -11% |
| Interest paid | (162,866) | (173,551) | 10,685 | -6% |
| Payments to employees | (270,091) | (284,426) | 14,335 | -5% |
| Taxes returns | 25,029 | 21,518 | 3,511 | 16% |
| Other payments, net | (56,835) | (65,404) | 8,569 | -13% |
| Net cash flows (used in) / from operating activities | (147,905) | 314,257 | (462,162) | -147% |
| Cash flows from investing activities | | | | |
| (Placement)/withdrawal of bank deposits, net | (102,227) | 1,323,352 | (1,425,579) | -108% |
| Purchase of PPE, intangible assets, investment property and exploration and evaluation assets | (338,280) | (310,826) | (27,454) | *9% |
| Proceeds from sale of PPE, intangible assets, investment property, exploration and evaluation assets | 10,182 | 8,053 | 2,129 | 26% |
| Proceeds from sale of subsidiaries | 56,760 | 17,967 | 38,793 | 216% |
| Dividends received from joint ventures and associates | 88,577 | 137,058 | (48,481) | -35% |
| Proceeds from sale of joint ventures | - | 2,000 | (2,000) | -100% |
| Repayment of loans given to related parties | 16,447 | 54,523 | (38,076) | -70% |
| Repayment of a promissory note due from an associate | 318 | 172 | 146 | 85% |
| Loans given to related parties | (43,051) | (50,829) | 7,328 | -14% |
| Additional contribution to joint ventures and associates | (789) | (977) | 188 | -19% |
| Net cash flows used in investing activities | (312,513) | 1,180,493 | (1,493,006) | -126% |

Interim condensed consolidated statement of cash flows (direct method) (continued)

(in KZT mln)

For the nine months ended September 30

| STATEMENT OF CASH FLOWS | 2019 (unaudited) | 2018 (unaudited) | change | change, % |
|---|---------------------|---------------------|--------------------|--------------|
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | 417,955 | 1,266,750 | (848,795) | -67% |
| Repayment of borrowings | (618,358) | (1,905,739) | 1,287,381 | -68% |
| Dividends paid to Samruk-Kazyna and National Bank of RK | (36,988) | (36,273) | (725) | 2% |
| Dividends paid to non-controlling interests | (4,138) | (6,334) | 2,196 | -35% |
| Share buyback by subsidiary | (1,735) | (634,210) | 632,475 | -100% |
| Payment of lease liabilities | (11,050) | (1,379) | (9,671) | 701% |
| Distributions to Samruk-Kazyna | (35,729) | - | (35,729) | 0% |
| Net cash flows from / (used in) financing activities | (290,053) | (1,317,185) | 1,027,132 | -78% |
| Effects of exchange rate changes on cash and cash equivalents | (8,745) | 108,222 | (119,967) | -108% |
| Changes in allowance of impairment | 83 | (40) | 123 | -308% |
| Net change in cash and cash equivalents | (759,133) | 285,747 | (1,044,880) | -366% |
| Cash and cash equivalents at the beginning of the period | 1,545,848 | 1,266,605 | 279,243 | 22% |
| Cash and cash equivalents at the end of the period | 786,715 | 1,552,352 | (765,637) | -49% |

Interim condensed consolidated statement of cash flows (indirect method)

(in KZT mln)

For the nine months ended September 30

| | 2019 (unaudited) | 2018 (unaudited) |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Profit before income tax from continuing operations | 959,026 | 849,417 |
| Profit before income tax from discontinued operations | 6 | 3,094 |
| Profit before income tax | 959,032 | 852,511 |
| Adjustments for: | | |
| Depreciation, depletion and amortization | 252,617 | 210,557 |
| Share in profit of joint ventures and associates, net | (638,505) | (532,917) |
| Finance costs | 245,738 | 352,740 |
| Finance income | (93,974) | (139,737) |
| Impairment of impairment assets, net | 164,979 | 42,275 |
| Adjustment for payments of advances on oil supply agreements | (716,368) | (252,383) |
| Provisions | 14,525 | 64,327 |
| Unrealized foreign exchange gain/(losses) | (28,909) | 17,732 |
| (Gain)/Loss from sale of subsidiary | (17,481) | (18,359) |
| Other non-cash adjustments | (5,132) | 3,114 |
| Operating profit before working capital changes | 136,522 | 599,860 |
| Change in inventory | 31,212 | (26,789) |
| Change in VAT receivable | (26,514) | 3,668 |
| Change in trade accounts receivable and other assets | (34,540) | (122,821) |
| Change in other taxes payable | 2,986 | (3,219) |
| Change in trade accounts payable | (8,317) | 69,959 |
| Change in advances under oil supply agreement | - | - |
| Change in other liabilities | (70,263) | (45,570) |
| Cash generated from operations | 31,086 | 475,088 |
| Cash received from derivatives, net | - | (1,902) |
| Income taxes paid | (103,667) | (83,425) |
| Interest received | 87,542 | 98,047 |
| Interest paid | (162,866) | (173,551) |
| Net cash flows (used in) / from operating activities | (147,905) | 314,257 |

Interim condensed consolidated statement of cash flows (indirect method) (continued)

(in KZT mln)

For the nine months ended September 30

| | 2019 (unaudited) | 2018 (unaudited) |
|--|---------------------|---------------------|
| Cash flows from investing activities | | |
| Withdrawal of bank deposits, net | (102,227) | 1,323,352 |
| Purchase of PPE, intangible assets, investment property and exploration and evaluation assets | (338,280) | (310,826) |
| Proceeds from sale of PPE, intangible assets, investment property, exploration and evaluation assets | 10,182 | 8,053 |
| Proceeds from sale of subsidiaries | 56,760 | 17,967 |
| Dividends received from joint ventures and associates | 88,577 | 137,058 |
| Acquisition of and contribution to JV-s | (789) | (977) |
| Proceeds from sale of JV | - | 2,000 |
| Loans given to related parties | (43,501) | (50,829) |
| Repayment of loans and receivables due from related parties | 16,447 | 54,523 |
| Note receivable from associate | 318 | 172 |
| Net cash flow from / (used in) investing activities | (312,513) | 1,180,493 |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 417,955 | 1,266,750 |
| Repayment of borrowings | (618,358) | (1,905,739) |
| Dividends paid to Samruk-Kazyna and National Bank of RK | (36,998) | (36,272) |
| Dividends paid to non-controlling interests | (4,138) | (6,334) |
| Distributions to Samruk-Kazyna | (35,730) | - |
| Payment of lease liabilities | (11,050) | (1,379) |
| Buyback of shares | (1,735) | (634,210) |
| Net cash flows used in financing activities | (290,054) | (1,317,184) |
| Effects of exchange rate changes on cash and cash equivalents | (8,745) | 108,222 |
| Changes in allowance of impairment | 84 | (41) |
| Net change in cash and cash equivalents | (759,133) | 285,747 |
| Cash and cash equivalents at the beginning of the period | 1,545,848 | 1,266,605 |
| Cash and cash equivalents at the end of the period | 786,715 | 1,552,352 |

Abbreviations list

AG – CJSC Amangeldy Gas
AGP – Asia gas pipeline
bbl – barrel
bcm – billion cubic meters
bln – billion
BSGP – Beineu-Shymkent gas pipeline
Caspi – JSC “Caspi Bitum JV”
KBM – JSC Karazhanbasmunai
CEFC - China Energy Company Limited
CIS - Commonwealth of Independent States
CPC - Caspian pipeline consortium
DD&A - Depreciation, depletion and amortisation
EMG – JSC EmbaMunaiGas
GPC – Gas Processing Company
ICA – JSC Intergas Central Asia
JV - Joint Venture
KazGPZ – Kazakhstan gas production plant
KCP – Kazakhstan-China pipeline
KCP - Kazakhstan-China Pipeline LLP
KGM – JV Kazgermunai LLP
KMG EP - JSC KazMunayGas Exploration Production
KMG I – KMG International
KMG RM - JSC KazMunayGas Refinery and Marketing
KOA - Kazakhoil Aktobe LLP
KPO - Karachaganak Petroleum Operating B.V.
kt – thousand tonnes
KTG – JSC KazTransGas

KTM - Kazakhturkmunai LLP
KTO – JSC KazTransOil
KZT –Tenge (national currency)
LPG – liquefied petroleum gas
mcm – million cubic meters
MET - mineral extraction tax
mln - million
MMG – JSC Mangystaumunaigaz
mt – million tonnes
MT – LLPMunayTas North-West Pipeline Company
KMG – KazMunayGas Group
NCOC – North Caspian Operating Company N.V.
OMG – JSC OzenMunaiGas
PKKR – JSC PetroKazakhstan Kumkol Resources
PKOP – PetroKazakhstan Oil Products LLP
PSA - Purchase-sale agreement
TCO – Tengizchevroil LLP
TP - JSC Turgai Petroleum
US\$ - US dollars