

KMG's credit ratings

KMG intends to maintain investment-grade credit ratings and a strong credit profile, and to support its business image as a reliable borrower. In 2023, the Company's financial stability measures helped KMG improve its credit ratings.

Change in KMG's ratings

- On 9 March 2023, Standard & Poor's confirmed the Company's rating at BB+, and revised outlook to stable reflecting the agency's rating action on Kazakhstan (the rating being confirmed at BBB-, with outlook revised to stable).
- On 3 May 2023, S&P updated the likelihood of government support from high to very high without changing the Company's rating.
- Fitch Ratings upgraded KMG's credit rating on 22 June 2023 from BBB- to BBB with a stable outlook, following an upgrade in its standalone credit profile. This rating aligns with the sovereign rating of the Republic of Kazakhstan.
- On 13 December 2023, Moody's confirmed KMG's Baa2 rating, but revised the outlook to positive indicating confidence in the Company's sustained standalone credit profile. This rating aligns with the sovereign rating of the Republic of Kazakhstan.
- On 26 December 2023, S&P confirmed KMG's BB+ rating, while upgrading its standalone credit profile from BB- to BB.

KMG's credit ratings

Moody's	S&P	Fitch
Baa1	BBB+	BBB+
Baa2 (Positive)	BBB	BBB (Stable)
Baa3	BBB-	BBB-
Investment grade		
Ba1	BB+ (Stable)	BB+
Ba2	BB	BB
Ba3	BB-	BB-

Kazakhstan's sovereign ratings

Moody's	S&P	Fitch
Baa2 (Positive)	BBB- (Stable)	BBB (Stable)

For more details, see the [Shareholder and Investor Relations section](#)

Key 2023 financial results¹

Revenue, USD mln (KZT bln)



Free cash flow, USD mln (KZT bln)



EBITDA, USD mln (KZT bln)



Total debt, USD mln (KZT bln)



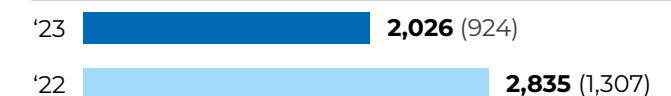
Adjusted EBITDA, USD mln (KZT bln)



Net debt, USD mln (KZT bln)



Net profit, USD mln (KZT bln)



Net profit for the period attributable to the Parent Company's shareholders, USD mln (KZT bln)



¹ For reader convenience, amounts in USD were translated at the average exchange rate for the applicable period (average exchange rates for 2022 and 2023 were 460.93 and 456.21 KZT/USD respectively; period-end exchange rates as of 31 December 2022 and 31 December 2023 were 462.65 and 454.56 KZT/USD respectively).

Consolidated financial results according to IFRS

Indicator	Unit	2021	2022	2023
Dated Brent oil	USD/bbl	70.91	101.32	82.64
KEBCO ¹ oil	USD/bbl	–	–	81.7
Average exchange rate	KZT/USD	426.06	460.93	456.21
End of period exchange rate	KZT/USD	431.80	462.65	454.56
Revenue	KZT bln	6,459	8,693	8,320
	USD mln	15,161	18,860	18,236
Share in profit of JVs and associates	KZT bln	680	991	534
	USD mln	1,597	2,151	1,171
Net profit	KZT bln	1,287	1,307	924
	USD mln	3,020	2,835	2,026
Net profit for the period attributable to the Parent Company's shareholders	KZT bln	1,305	1,278	960
	USD mln	3,062	2,773	2,105
EBITDA ²	KZT bln	2,015	2,536	1,995
	USD mln	4,730	5,502	4,372
Adjusted EBITDA ³	KZT bln	1,750	2,007	2,080
	USD mln	4,108	4,355	4,560
Free cash flow ⁴	KZT bln	756	1,116	984
	USD mln	1,774	2,421	2,157
Total debt ⁵	KZT bln	3,746	4,154	3,757
	USD mln	8,676	8,980	8,265
Net debt ⁶	KZT bln	1,984	2,154	1,645
	USD mln	4,594	4,655	3,620

For more details, see the [Financial Statements section](#)

Consolidated statement of profit and loss

Indicator	Unit	2021	2022	2023	Change	%
Revenue and other income						
Revenue from contracts with customers	KZT mln	6,459,335	8,693,081	8,319,543	(373,538)	(4.3)
Share in profit from joint ventures and associates, net	KZT mln	680,292	991,310	534,177	(457,133)	(46.1)
Finance income	KZT mln	85,226	120,603	147,245	26,642	22.1
Gain on sale of joint ventures	KZT mln	19,835	0	186,225	186,225	100.0
Other operating income	KZT mln	30,779	22,319	55,378	33,059	148.0
Total revenue and other income	KZT mln	7,275,467	9,827,313	9,242,568	(584,745)	(6.0)
Costs and expenses						
Cost of purchased oil, gas, oil products and other materials	KZT mln	(3,607,202)	(4,960,176)	(4,621,881)	338,295	(6.8)
Production expenses	KZT mln	(721,057)	(1,144,241)	(1,219,722)	(75,481)	6.6
Taxes other than income tax	KZT mln	(461,244)	(677,921)	(594,080)	83,841	(12.4)
Depreciation, depletion and amortisation	KZT mln	(523,044)	(506,900)	(601,204)	(94,304)	18.6
Transportation and selling expenses	KZT mln	(183,439)	(205,352)	(245,525)	(40,173)	19.6
General and administrative expenses	KZT mln	(151,392)	(160,479)	(177,792)	(17,313)	10.8
Impairment of property, plant and equipment, intangible assets, and exploration expenses	KZT mln	(20,724)	(19,917)	(230,580)	(210,663)	1,057.7
Finance costs	KZT mln	(262,823)	(308,055)	(322,073)	(14,018)	4.6
Net foreign exchange gain	KZT mln	17,565	40,089	25,222	(14,867)	(37.1)
Other expenses	KZT mln	(27,714)	(85,424)	(60,124)	25,300	(29.6)
Total costs and expenses	KZT mln	(6,020,157)	(8,028,376)	(8,047,759)	(19,383)	0.2
Profit before income tax	KZT mln	1,255,310	1,798,937	1,194,809	(604,128)	(33.6)
Income tax expenses	KZT mln	(321,248)	(492,377)	(270,348)	222,029	45.1
Profit for the year from continuing operations	KZT mln	934,062	1,306,560	924,461	(382,099)	(29.2)
Discontinued operations						
Profit after income tax for the year from discontinued operations	KZT mln	352,478	0	0	0	0
Net profit for the year	KZT mln	1,286,540	1,306,560	924,461	30,779	(29.2)
Net profit/(loss) for the year attributable to:						
the Parent Company's shareholders	KZT mln	1,304,761	1,278,359	960,483	(317,876)	(24.9)
the non-controlling interest	KZT mln	(18,221)	28,201	(36,022)	(64,223)	(227.7)
	KZT mln	1,286,540	1,306,560	924,461	(382,099)	(29.2)

¹ KEBCO is Kazakhstan's oil grade in trade since 6 June 2022.

² EBITDA = revenue plus share in profit from JVs and associates, net, minus cost of purchased oil, gas, oil products and other materials minus production expenses minus G&A expenses minus transportation and selling expenses minus taxes other than income tax.

³ Adjusted EBITDA = revenue minus cost of purchased oil, gas, oil products and other materials minus production costs minus G&A expenses minus transportation and selling expenses minus taxes other than income tax plus dividends received from joint ventures and associates.

⁴ Free cash flow = cash flow from operating activities (including dividends received from joint ventures and associates) minus acquisition of property, plant and equipment, intangible assets, investment properties, exploration and evaluation assets.

⁵ Total debt includes bonds and loans (short-term and long-term). Guarantees issued are not included in the calculation.

⁶ Net debt = bonds plus loans minus cash and cash equivalents minus short-term and long-term bank deposits. Guarantees issued are not included in the calculation.

Revenue

Revenue for 2023 was KZT 8,320 bln (USD 18,236 mln), down 4.3% year-on-year. The downward trend was attributable to an 18.4% year-on-year decrease in the average Brent crude price.

Share in profit of joint ventures and associates

The share in the profit of joint ventures and associates in 2023 decreased by 46.1% year-on-year to KZT 534 bln (USD 1,171 mln) mainly due to a decline in TCO and CPC profit by KZT 402 bln (USD 864 mln) and KZT 53 bln (USD 114 mln) respectively.

Costs

In the reporting period, the cost of purchased oil, gas, oil products and other materials amounted to KZT 4,622 bln (USD 10,131 mln), reflecting a decrease of 6.8% year-on-year, which was largely due to a lower average price of oil purchased for resale.

Other expenses

Production expenses went up 6.6% to KZT 1,220 bln (USD 2,674 mln) mainly driven by payroll indexation for employees in the regions of operation, as well as growth of transportation and short-term lease expenses.

In the reporting period, transportation and selling expenses totalled KZT 246 bln (USD 538 mln), up 19.6% year-on-year. The growth was attributable to higher sales of oil by KMG Kashagan B.V. and oil products by KMG International N.V.

General and administrative expenses increased by 10.8% to KZT 178 bln (USD 390 mln) driven by higher payroll expenses and a rise in the provisions for the impairment of accounts receivable under IFRS.

Taxes other than income tax declined by 12.4% to KZT 594 bln (USD 1,302 mln) primarily due to decreases in the rent tax for crude oil exports, mineral extraction tax (resulting from lower oil prices), and export customs duty expenses.

Payroll expenses in 2023 amounted to KZT 612 bln (USD 1,341 mln), showing a 15.6% increase year-on-year, and were reflected in production expenses, transportation and selling expenses, and general and administrative expenses in the consolidated statement of comprehensive income.

Finance costs in 2023 amounted to KZT 322 bln (USD 706 mln), an increase of 4.6% year-on-year, mainly due to growing interest expense on loans and bonds amid weaker tenge and marginally higher interest rates.

Impairment of assets

According to the assessment of 2023, the loss on impairment of assets for KMG Group amounted to KZT 230.6 bln (USD 505 mln), up 1,058% year-on-year (from KZT 19.9 bln or USD 43 mln). Due to negative drilling results at Zhenis, and after receiving a notification by Kazakhstan's Ministry of Energy on the termination of subsoil use rights for the Aktoty and Kairan fields, a loss on impairment of assets was recognised in the amount of KZT 114.5 bln. KMG International, a subsidiary of the Company, also recognised a KZT 95 bln loss on impairment of property, plant and equipment based on impairment indicators, including high refining margin volatility in the oil and gas market. In June 2023, Petromidia Refinery, a subsidiary of KMG International, had an incident resulting in a partial shutdown of its mild hydrocracker. Following the assessment of the incident, Petromidia Refinery recognised loss on impairment of property, plant and equipment in the amount of KZT 2.7 bln.

Net profit

Net profit demonstrated a 29.2% year-on-year decrease to KZT 924 bln (USD 2,026 mln). The decline in the price of oil throughout the reporting year is the primary cause of the decline in net profit.

Net profit for the period attributable to the Parent Company's shareholders was KZT 960 bln (USD 2,105 mln). The key reason behind the drop in net profit were lower oil prices during the reporting period.

CAPEX

In 2023, CAPEX on an accrual basis in the Company's segment reporting was KZT 804 bln (USD 1,761 mln). The 50.2% year-on-year growth is mainly due to well drilling expenses at Ozenmunaigas and Embamunaigas, replacement of a section at the Uzen–Atyrau–Samara pipeline, and the Astrakhan–Mangyshlak water pipeline upgrade and expansion expenses.

EBITDA

Consolidated EBITDA declined by 21.4% year-on-year to KZT 1,995 bln (USD 4,372 mln) compared to KZT 2,536 bln (USD 5,502 mln) in 2022.

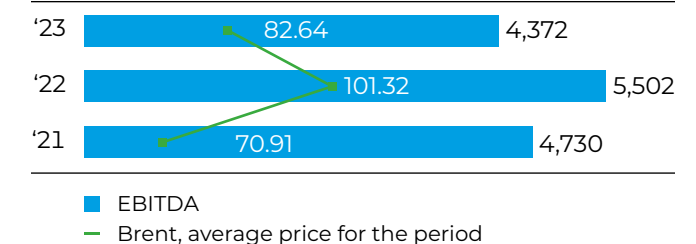
Adjusted EBITDA increased by 3.6% to KZT 2,080 bln (USD 4,560 mln) compared to KZT 2,007 bln (USD 4,355 mln) in 2022.

Given the vertically integrated operations of KMG, we analyse EBITDA broken down by the segments below. We analyse and report segmented information according to IFRS. Segment performance is evaluated based on revenues and net profit. The operating segments of KMG Group are structured and managed in a manner corresponding to the relevant types of products and services and encompass the strategic lines of business for different products and markets. The Company's operations comprise four main operating segments: oil and gas exploration and production, oil transportation, refining and sales of crude oil and oil products, KMG's Corporate Centre, etc. (oilfield service companies and other insignificant companies). KMG presents the Corporate Centre's activities separately, since KMG not only performs the functions of the parent company, but is also involved in operations (processing of crude oil at Atyrau and Pavlodar refineries, and further sale of oil products to both domestic and export markets).

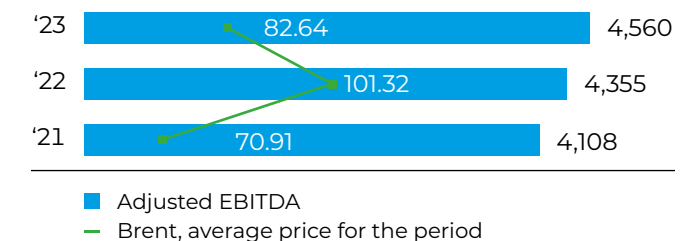
EBITDA by segment for 2021, 2022, and 2023

Segment	Unit	2021	2022	2023	Δ
Oil and gas exploration and production	KZT mln	1,449,088	1,843,075	1,440,106	(402,969)
	USD mln	3,401	3,999	3,157	(842)
	%	73	73	72	(1 p.p.)
Oil transportation	KZT mln	211,356	238,237	198,463	(39,774)
	USD mln	496	517	435	(82)
	%	10	9	10	1 p.p.
Refining and sales of crude oil and oil products	KZT mln	289,422	456,807	393,861	(62,946)
	USD mln	679	991	863	(128)
	%	14	18	20	2 p.p.
Corporate Centre	KZT mln	71,449	60,570	(28,100)	(88,670)
	USD mln	168	131	(62)	(193)
	%	3	2	(1)	(3 p.p.)
Other	KZT mln	12,400	(39,404)	9,843	49,247
	USD mln	29	(85)	22	107
	%	1	(2)	0	2 p.p.
Elimination	KZT mln	(18,422)	(23,063)	(19,453)	(4,641)
	USD mln	(43)	(50)	(43)	(7)
	%	(1)	(1)	(1)	0 p.p.
EBITDA	KZT mln	2,015,293	2,536,222	1,994,720	(541,502)
	USD mln	4,730	5,502	4,372	(1,130)

EBITDA in 2021, 2022, and 2023, USD mln

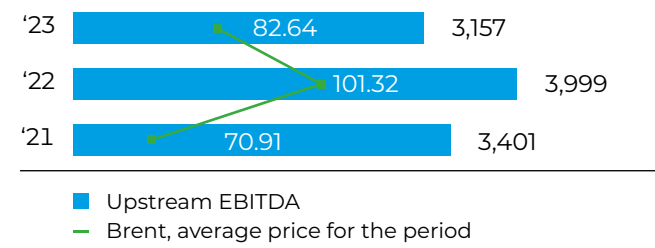


Adjusted EBITDA in 2021, 2022, and 2023, USD mln



The improvement in EBITDA by segments in 2023 was largely driven by a 21.9% EBITDA decrease in Oil and Gas Exploration and Production resulting from lower average Brent price.

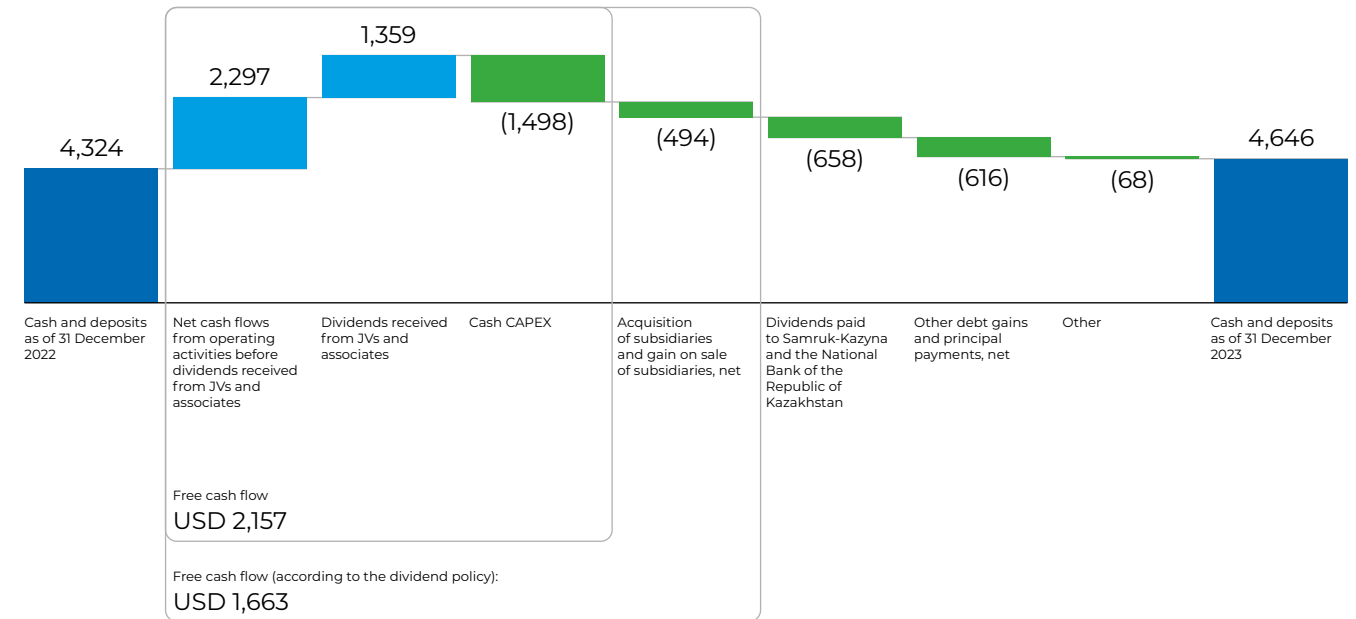
Adjusted EBITDA of the Oil and Gas Exploration and Production segment for 2021, 2022, and 2023, USD mln



Cash flows

Indicator	Unit	2021	2022	2023	Δ
Net cash flows from operating activities	KZT mln	1,209,475	1,567,311	1,667,614	100,303
Net cash flows used in investing activities	KZT mln	(1,084,028)	(2,302,310)	(759,636)	1,542,674
Net cash flows used in financing activities	KZT mln	(273,989)	288,071	(604,362)	(892,433)
Effects of exchange rate changes	KZT mln	26,482	65,755	(15,942)	(81,697)
Change in allowance for expected credit losses	KZT mln	(136)	114	14	(100)
Net change in cash and cash equivalents	KZT mln	(122,196)	(381,059)	287,688	668,747
Net change in cash and cash equivalents	USD mln	(287)	(827)	631	1,466

Sources and use of funds and free cash flow, USD mln



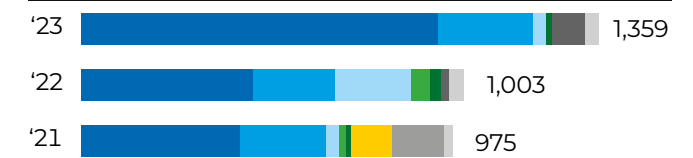
Cash and cash equivalents

Consolidated cash and cash equivalents, including deposits, increased by 5.6% year-on-year to KZT 2,112 bln (USD 4,646 mln) as of 31 December 2023. The increase in cash and cash equivalents is mainly due to a positive net cash flow from operating activities in the amount of KZT 1,668 bln (USD 3,655 mln), which was partially offset by CAPEX and payment of dividends to the shareholders. US dollar-denominated consolidated cash and cash equivalents increased by 7.4% to USD 4,646 mln compared to USD 4,324 mln as of 31 December 2022.

Dividends received

KMG is a parent company of the Group and receives dividends from its subsidiaries and associates, JVs and associated companies. The Company received dividends in the amount of KZT 620 bln (USD 1,359 mln) and KZT 462 bln (USD 1,003 mln) in 2023 and 2022 respectively. In 2023, dividends from TCO amounted to KZT 427 bln (USD 936 mln) and from CPC – KZT 114 bln (USD 250 mln).

Dividends received, USD mln



Company	2021	2022	2023
Tengizchevroil	416	451	936
Caspian Pipeline Consortium	226	214	250
Mangistaumunaigaz	36	200	
Kazgermunai	17	50	35
Kazakhoil Aktobe	14	30	15
KazRosGas	107		1
Petrosun		21	86
JV KTG	137		
Others	22	37	36

Dividends paid

In accordance with Samruk-Kazyna's resolution dated 30 May 2023, KMG paid KZT 302 bln (USD 679 mln) in dividends, including KZT 300 bln (USD 675 mln) of dividends paid to Samruk-Kazyna and the National Bank of the Republic of Kazakhstan.

Statement of financial position

Item	Unit	2021	2022	2023	Δ
Assets					
Property, plant and equipment	KZT mln	6,725,910	6,994,001	7,181,206	187,205
Long-term bank deposits	KZT mln	56,058	59,229	63,891	4,662
Investments in joint ventures and associates	KZT mln	4,145,646	4,947,403	4,821,427	(125,976)
Other non-current assets	KZT mln	1,462,758	14,385	27,409	13,024
Short-term bank deposits	KZT mln	562,352	1,178,138	997,012	(181,126)
Cash and cash equivalents	KZT mln	1,144,193	763,185	1,050,873	287,688
Other current assets	KZT mln	1,759,740	166,230	232,127	65,897
Assets classified as held for sale	KZT mln	795	459	180	(279)
Total assets	KZT mln	15,857,452	16,656,890	16,942,712	285,822
Total assets	USD mln	36,724	36,003	37,273	1,270
Equity and liabilities					
Total equity	KZT mln	10,016,906	9,867,426	10,394,397	526,971
Total equity	USD mln	23,198	21,328	22,867	1,539
Liabilities					
Long-term loans	KZT mln	3,261,347	3,784,897	3,365,736	(419,161)
Other long-term liabilities	KZT mln	1,145,634	56,628	56,520	(108)
Short-term loans	KZT mln	484,980	369,489	391,358	21,869
Other short-term liabilities	KZT mln	948,585	377,039	277,466	(99,573)
Total liabilities	KZT mln	5,840,546	6,789,890	6,548,315	(241,149)
Total liabilities	USD mln	13,526	14,675	14,406	(269)
Total equity and liabilities	KZT mln	15,857,452	16,656,890	16,942,712	285,822
Total equity and liabilities	USD mln	36,724	36,003	37,273	1,270

Debt management

KMG's total debt is represented by bonds and loans. The debt portfolio is mainly denominated in US dollars – the currency of principal incomes. Accordingly, the "organic" hedging effect of FX risk is achieved without the need to use derivatives.

Total debt

Total debt¹ as of 31 December 2023 was KZT 3,757 bln (USD 8,265 mln), down 9.6% year-on-year in tenge terms (down 8% in US dollars).

In April 2023, KMG made full early redemption of USD 500 mln Eurobonds due 2025.

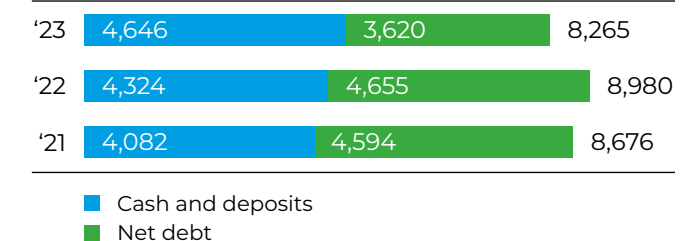
In December 2023, Atyrau Refinery fully repaid a RUB42,371 mln (equivalent to KZT 213,729 mln) loan to VTB Bank, including interest, and partially repaid a loan to Halyk Bank in the total amount of KZT 102,674 mln, including interest.

The total debt decrease was partially offset as KMG International received a USD 307 mln (equivalent to KZT 140 bln) syndicated loan and borrowed USD 101 mln (equivalent to KZT 46 bln) from Bank of Tokyo Mitsubishi UFJ. Ltd and USD 83 mln (equivalent to KZT 38 bln) from Banque de Commerce et de Placements to finance its working capital.

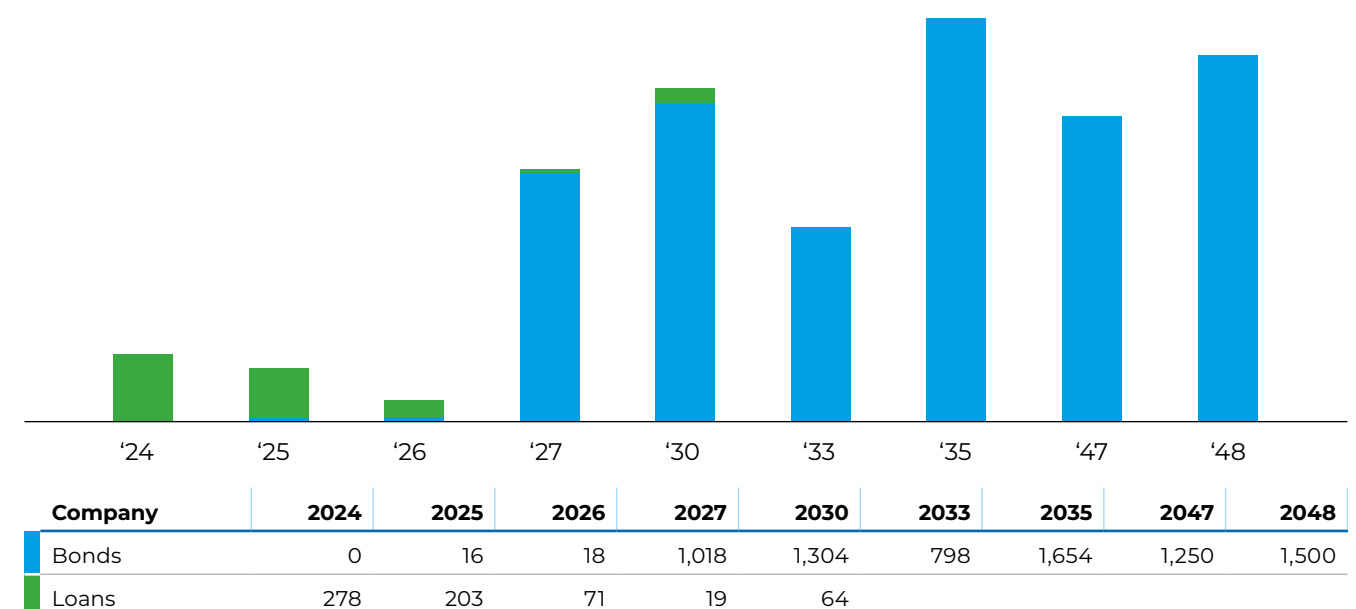
Net debt

Net debt as of 31 December 2023 was KZT 1,645 bln (USD 3,620 mln), down 23.6% year-on-year in tenge terms.

Total debt, USD mln



Debt repayment schedule, USD mln



¹ Excluding guarantees.