



КазМұнайГаз
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

KMG Operational and Financial results FY 2019



Disclaimer

Forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “target”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include, but are not limited to, statements regarding the JSC NC KazMunayGas (The Company) intentions, beliefs and statements of current expectations concerning, amongst other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and as to the industries in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur.

Forward-looking statements are not guarantees of future performance and the actual results of the Company’s operations, financial condition and liquidity and the development of the country and the industries in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements or industry information set out in this document, whether as a result of new information, future events or otherwise. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.

This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment or investment decision whatsoever. This presentation does not constitute an offering document in relation to any securities. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, adequacy, completeness or correctness of the information or opinions contained herein or any further information supplied.

2019 Highlights

Operational results

- Oil and gas condensate production at **485 kbopd**, stable YoY.
- The first release of reserves under **PRMS standards**, 2P hydrocarbon reserves at **5,220 mmboe**.
- **Stable midstream** oil and gas segment.
- **Fully covered domestic demand** for light petroleum products, with some exports to neighbor markets.

Financial results

- EBITDA¹ at US\$ 5.1 bln, up **3.6%**² YoY³.
 - FCF² at US\$ 1.5 bln, up **27.5%**² YoY³.
 - Full settlement of TCO crude oil prepayments **in advance** of US\$ 2.25 bln.
 - Fitch confirmed rating at **“BBB-/Stable”**, while increasing standalone rating from b to bb-.
- Moody’s affirmed rating at **Baa3 (positive)**. BCA has been upgraded from Ba3 to **Ba2**.

HSE

- KMG reduced APG flaring rates from 6.0 to **2.95 tonnes** per 1,000 tons of hydrocarbon production.
- The first verified report on greenhouse gas emissions under the **CDP**⁴ climate change programme.

(1) Starting from 2019, the Company revised calculation approach of Earnings before interest, taxes, depreciation and amortization (**EBITDA**), excluding the finance income from the methodology. In the reports for 2019, and for further periods, the Company calculates EBITDA as “Revenue + Share in profit of JVs and associates, net – Cost of purchased oil, gas petroleum products and other materials – G&A expenses – Transportation and selling expenses – Taxes other than income tax. Financial metrics for prior periods were recalculated respectively.

(2) Starting from 2019, the Company revised calculation approach of the **Free cash flow** (FCF), including proceeds from the loan previously provided to Caspian Pipeline Consortium. The Company calculates FCF as “CFO - TCO prepayments, net – Capex (cash basis) + Proceeds from the loan previously provided to Caspian Pipeline Consortium”. FCF metrics for prior periods were recalculated respectively.

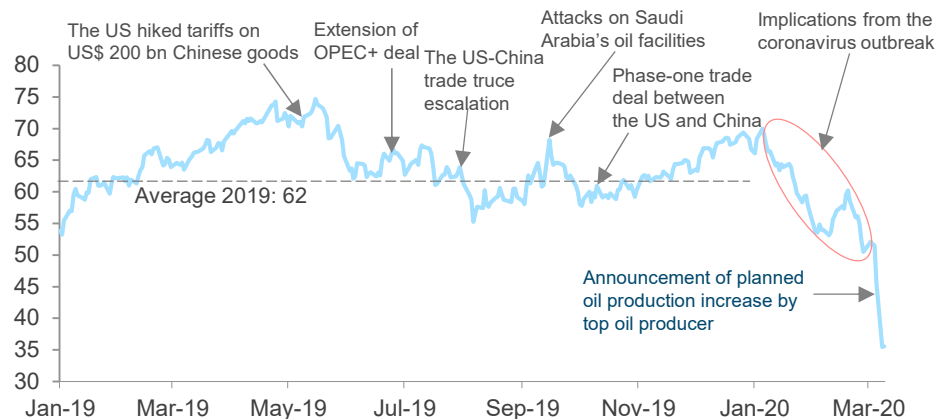
(3) YoY change throughout the presentation is calculated based on figures in US Dollars.

(4) Carbon Disclosure Project.



Environment

Brent crude, US\$ pb¹



USDKZT²



Kazakhstan's macroeconomic indicators³

Indicators	2018	2019
GDP growth, %	4.1	4.5
Inflation, % (December, YoY)	5.3	5.4
Base rate, % (year-end)	9.25	9.25

Brent dated, FX rate ⁴	2018	2019	Change, %
Brent dated, US\$ pb, average	71.3	64.2	-10.0%
USDKZT, average	345.04	382.87	11.0%
USDKZT, period-end	384.20	382.59	-0.4%

KMG Credit ratings

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

Kazakhstan sovereign credit ratings		
Baa3 (Positive)	BBB- (Stable)	BBB (Stable)

(1) Brent futures, source: Bloomberg. Brent dated, source: S&P Global Platts.

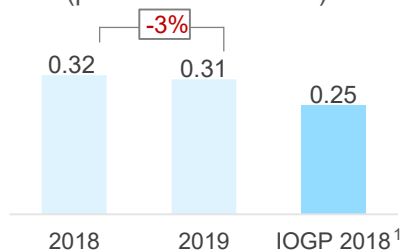
(2) Official FX; source: National Bank of Kazakhstan.

(3) Official statistics, source: Committee on Statistics, National Bank of Kazakhstan.

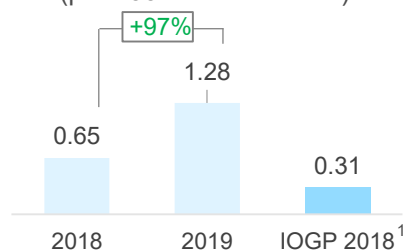
(4) FX rates applied for IR reporting purposes.

Strong commitment to best practices in ESG and sustainable development

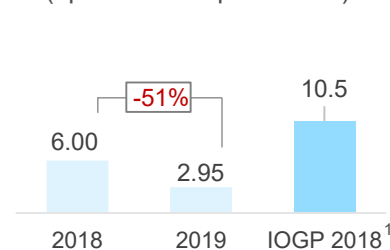
Lost time incident rate
(per 1 mln man hours)



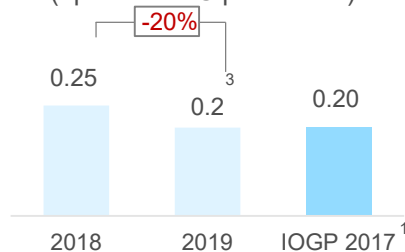
Fatal accident rate
(per 100 mln man hours)



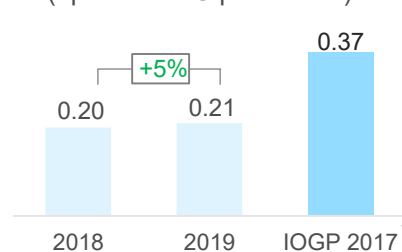
APG flaring intensity
(t per kt of HC production)²



SOx emissions rate
(t per kt of HC production)²



NOx emissions
(t per kt of HC production)²



Initiatives and memberships



THE WORLD BANK
IBRD · IDA | WORLD BANK GROUP

The World Bank Initiative “Complete Cessation of Regular Flaring of APG by 2030”



UN 17 Sustainable Development Goals Initiative



CDP Climate Program



Global Methane Initiative

(1) IOGP average.

(2) tons per 1,000 tons of raw hydrocarbon production.

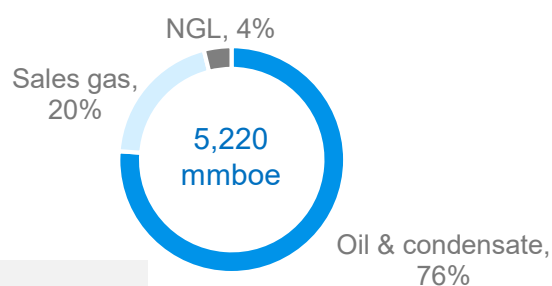
(3) Previously released figures disclosed in the Company's press-releases were calculated based on preliminary data.

Transition to reserves estimates in compliance with PRMS

Net reserves¹ under PRMS as of 31 December 2019

Reserves	Oil & Condensate, mln barrels	NGL ² , mln barrels	Sales Gas, Bcf	Hydrocarbon reserves, mmboe
Proved (1P)	2,825	168	5,204	3,860
Proved plus Probable (2P)	3,993	189	6,228	5,220
Proved plus Probable plus Possible (3P)	4,686	224	7,070	6,089

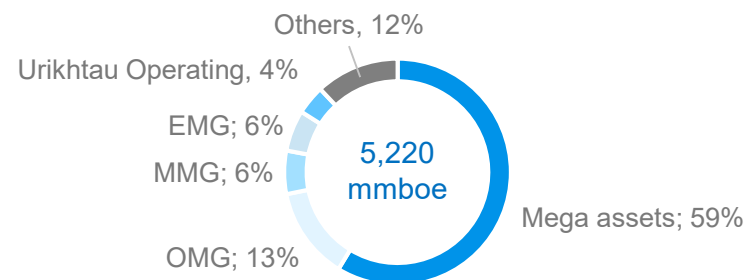
2P reserves breakdown by hydrocarbon type (2019YE, net to KMG)



23 years

2P reserve life based on 2019 oil & condensate production

2P reserves breakdown by asset (2019YE, net to KMG)

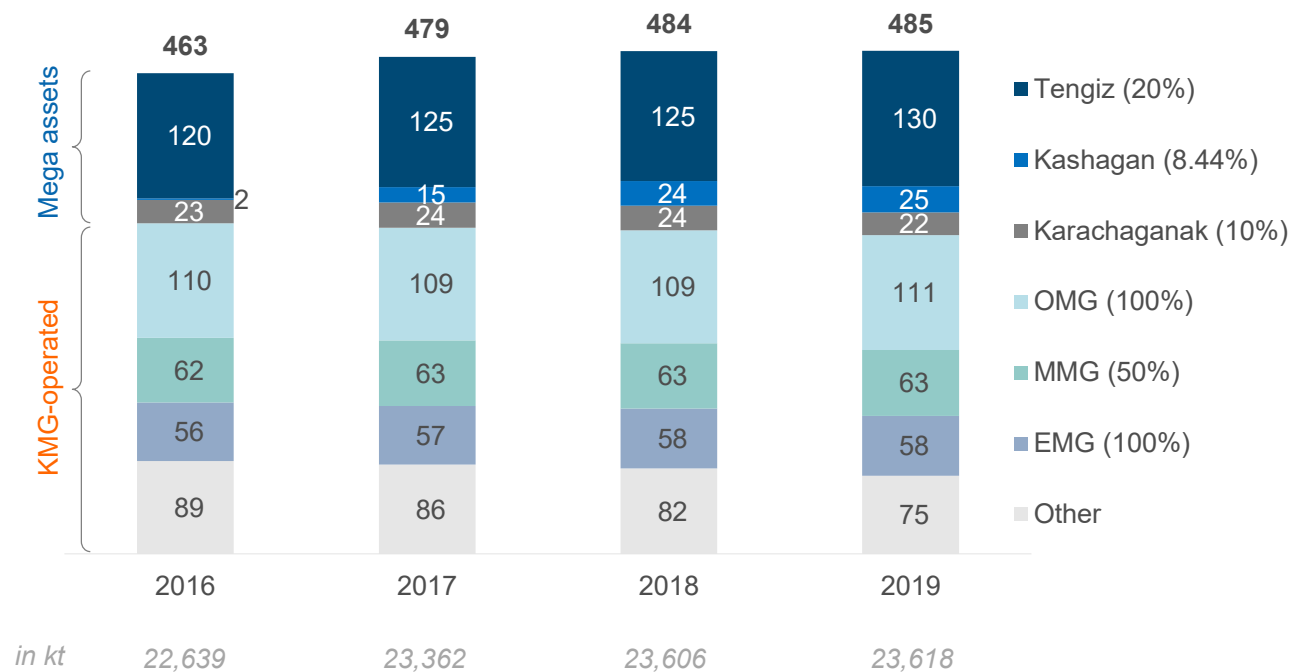


(1) Net Reserves are defined as that portion of the gross reserves attributable to the interest held by KMG after deducting all interest held by others, as well as interests that are not held by KMG, but which KMG controls. MMboe= million barrels of oil equivalent; bcf = billion cubic feet; 6,000 cf = 1 boe.

(2) Natural Gas Liquids.

UPSTREAM: Stable oil and gas condensate production

Crude oil and gas condensate production (net to KMG), kbopd¹

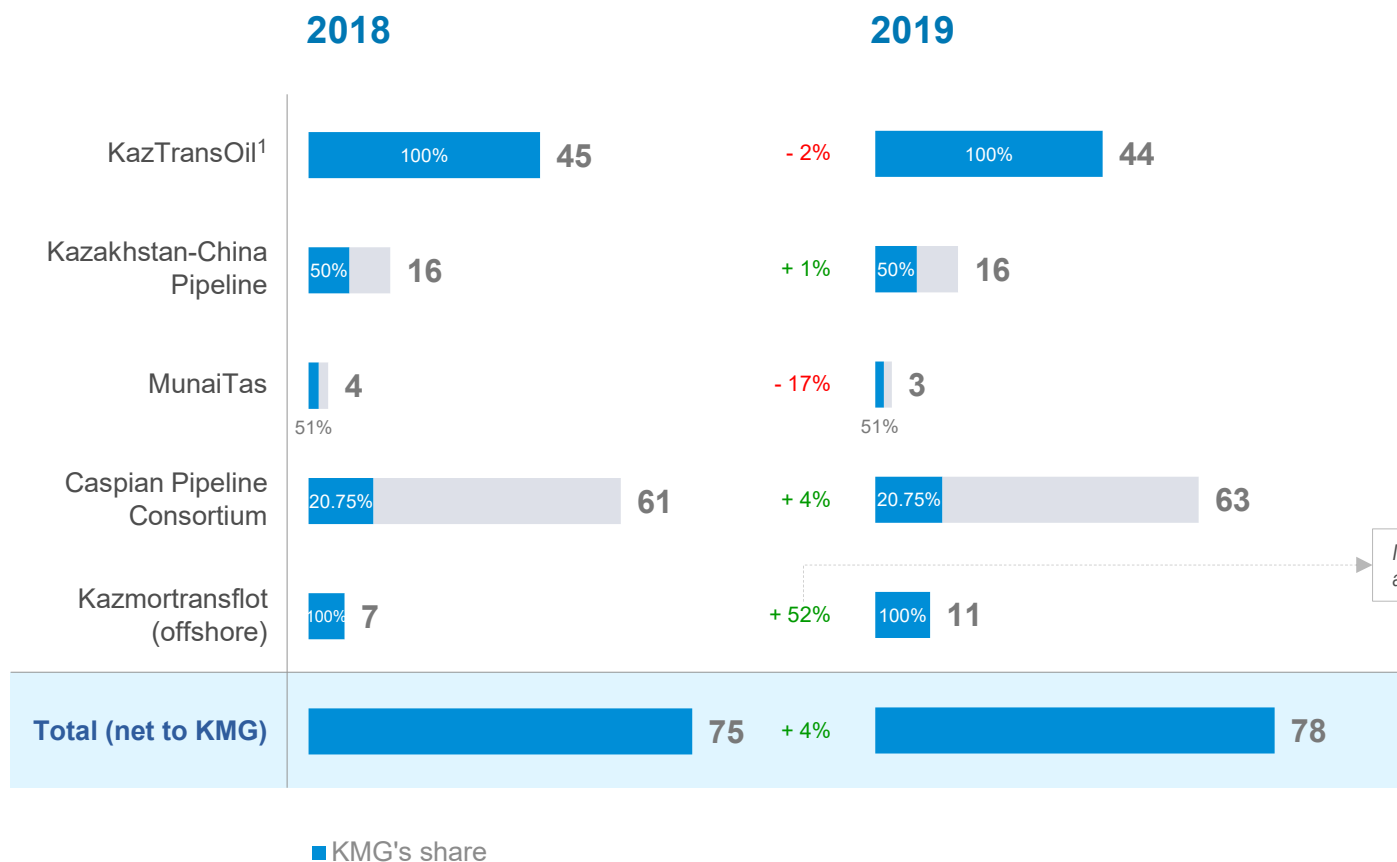


- KMG's share in oil production of mega fields amounted to **178 kbopd**.
- Tengiz production up by **4.1%** due to stable operation and higher reliability of plants².
- Kashagan gross production peaked at **~ 400 kbopd**.
- KMG's share in oil production of operating assets was slightly down and amounted to **307 kbopd** due to natural decline of oil production at KGM and PKI.

(1) On the assumption of individual barrelisation coefficients for each asset.
 (2) Sour Gas Injection/ Complex Technology Lines/ Second Generation Plant.

MIDSTREAM OIL: Offshore oil transportation drives volume up

Breakdown of crude oil transportation by companies on gross basis, mt



Caspian Pipeline Consortium

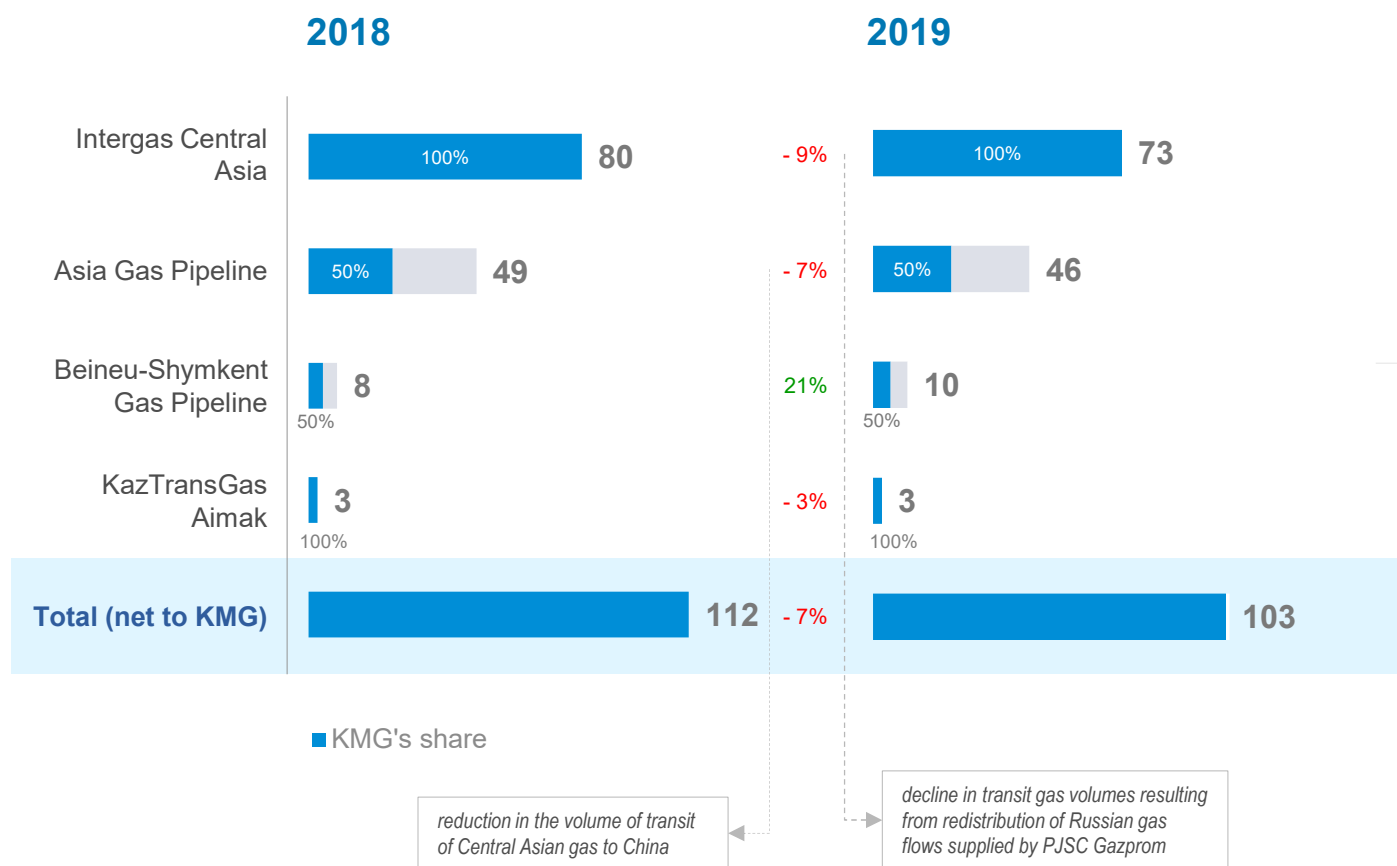
CPC is undergoing a project to eliminate the bottlenecks to increase its capacity in Kazakhstan sector by 35% to 72.5 mt/yr in 2019-2023.

Increase due to the agreement on supply and transportation btw KMTF, KMG and KMGJ

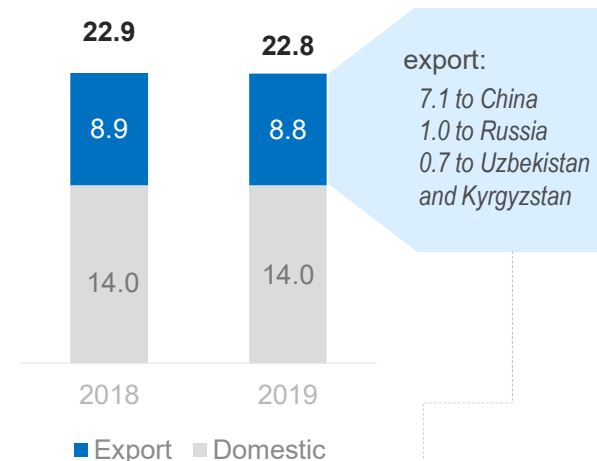
(1) Though KMG's share is 90%, KMG reports for 100%.

MIDSTREAM GAS: Slight decrease in gas transportation

Breakdown of gas transportation by companies on gross basis, bcm



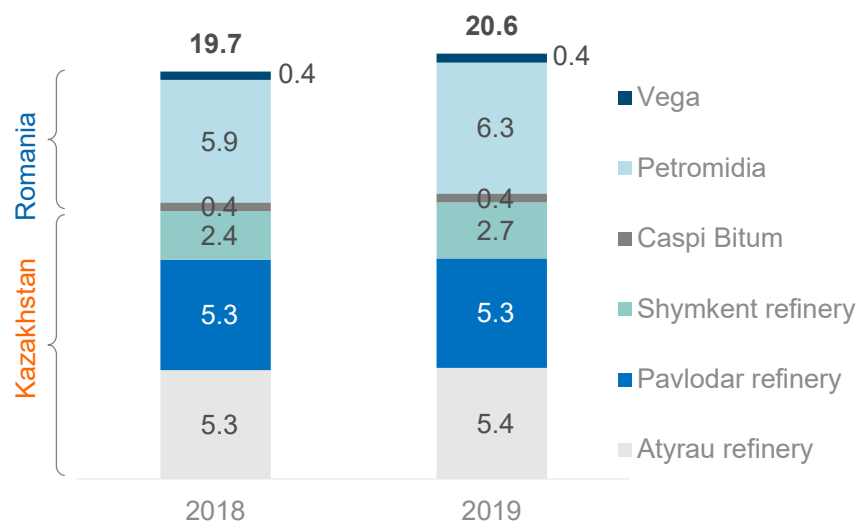
Sales volumes of KTG's¹ gas for sale, bcm



81% of exported volume was to China under a signed contract to export gas for the amount of up to 10 bln m³/yr

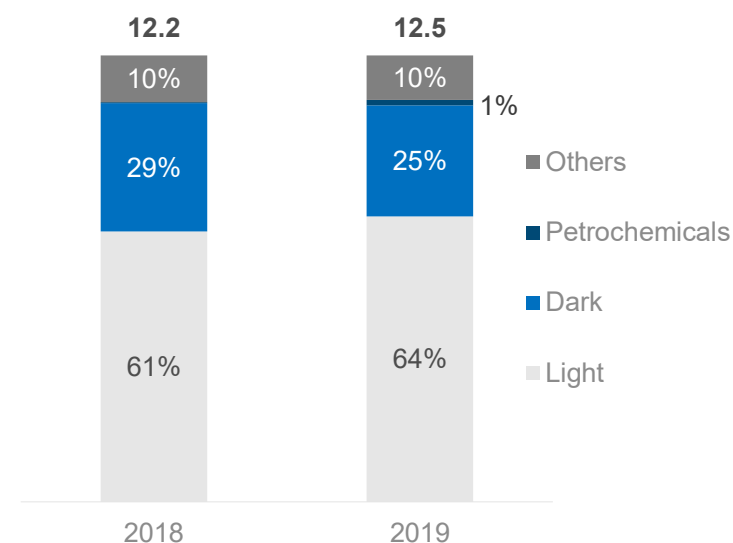
DOWNSTREAM: Fully covered domestic demand for light oil products

Refining volume (net to KMG), mt



- Growth at Kazakh refineries was mainly due to an increase in refining volumes at the Shymkent refinery on the back of an increase in refining capacity after the completion of the modernization program.
- Increase at Petromidia and Vega was as a result of improving the mixture of crude oil for processing and maintaining the average daily processing rate at the Petromidia at a record level.

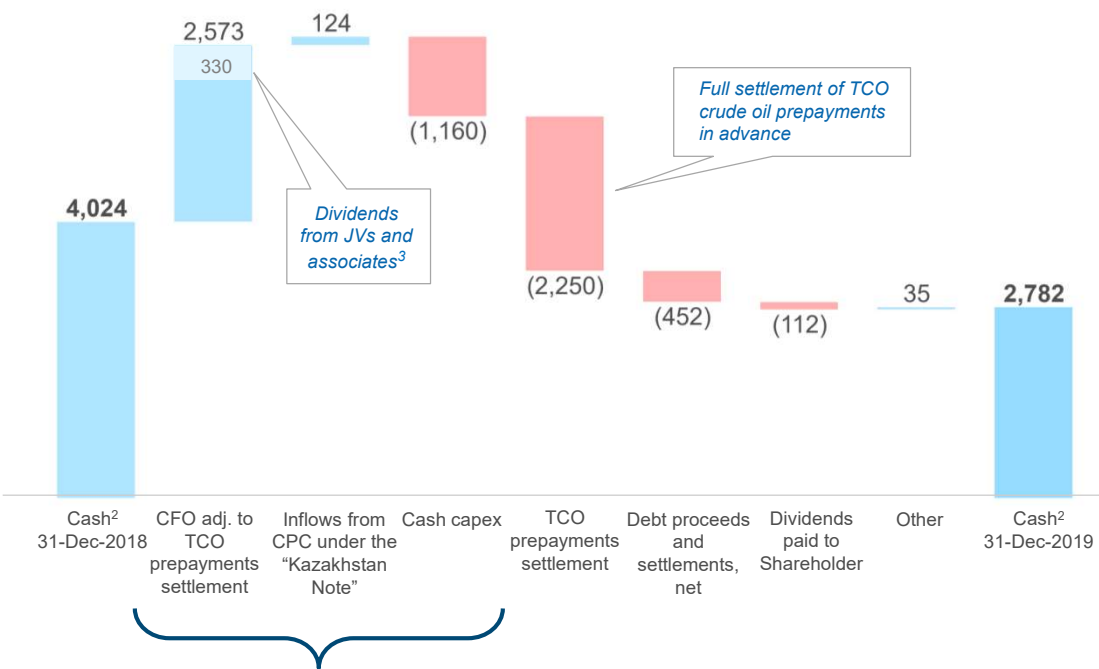
Oil products¹ production in refineries of Kazakhstan (net to KMG), mt



- Growth of oil products production was due to an increase in refining volumes at the Shymkent refinery.
- Light oil products yield was at **64%** in 2019 compared to **61%** in 2018.
- Domestic demand for light petroleum products was fully covered and **37 kt** of own produced gasoline were exported to European and Central Asian markets.

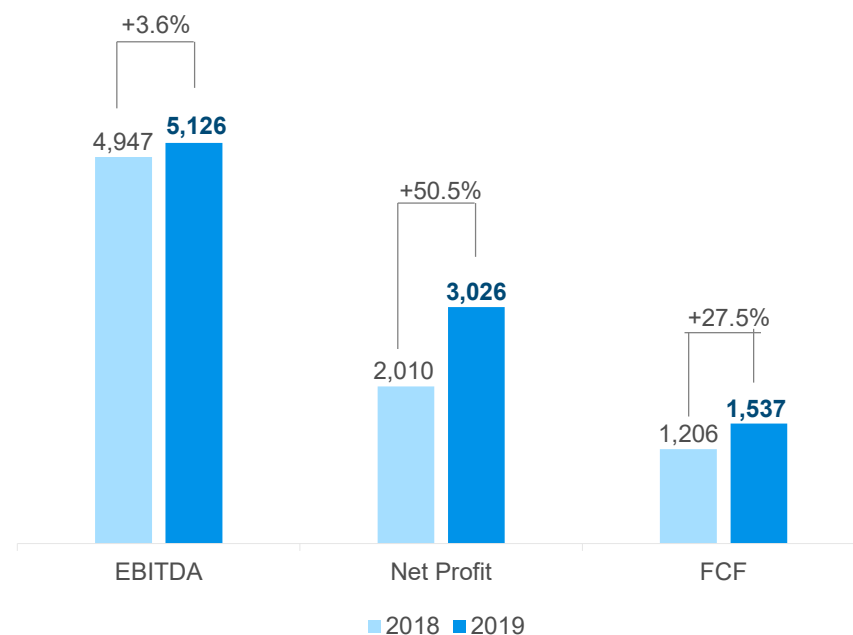
Resilient 2019 financial results despite elevated oil price volatility

Cash movement¹, US\$ mn



Free Cash Flow = US\$1,537 mn

Key financials, US\$ mn



(1) As per the Consolidated Cash Flow Statement (indirect method), includes both continued and discontinued operations.

(2) Cash balance is represented without short-term and long-term deposits.

(3) As per the Consolidated Financial Statements of KMG, Dividends receipt from JVs and associates are now classified as Operating activity of the Company.

EBITDA segmented, 2019

In US\$ mn	UPSTREAM	MIDSTREAM		DOWNSTREAM			NC KMG		OTHER	TOTAL
	E&P	Oil transportation	Gas transportation and marketing	Refining	KMG Int.	Trading	Trading	Corporate	OFS, other assets, and eliminations ²	
Operating EBITDA	1,207	375	563	505	210	(7)	206	(95)	(1)	2,963
Share in profit of JVs and associates ¹	1,308	197	633	(11)	3	0	0	0	33	2,163
Tengiz (20%)	1,084									
MMG (50%)	214									
KGM (50%)	51									
Kashagan (8.44%)	34									
KOA (50%)	20									
PKI (33%)	(48)									
CPC (20.75%)		185								
KCP (50%)		9								
MT (51%)		3								
AGP (50%)			439							
BSGP (50%)			147							
KazRosGas (50%)			47							
Shymkent refinery (50%)				(16)						
Other	(47)	0	(0)	5	3	0	0	0	33	
EBITDA	2,515	572	1,196	494	213	(7)	206	(95)	32	5,126
<i>% of total</i>	49%	11%	23%	10%	4%	0%	4%	-2%	0%	100%

(1) Equity method of consolidation

(2) Eliminations = 2 bn of Operating EBITDA

12

Fully consolidated entities: Upstream: OMG, EMG, Karachaganak, KTM; Midstream/Oil transportation: KTO, KMTF; Midstream/Gas: KazTransGas; Downstream/Refining: Atyrau refinery, Pavlodar refinery; Downstream/Trading: KMG Cooperative, KMG TH, KMG Onimderi, KMG Retail, KMG Aero



КазМұнайГаз
NATIONAL COMPANY / ҰЛТТЫҚ КОМПАНИЯСЫ

Change in EBITDA by segments, 2018 vs. 2019

EBITDA by segments, US\$ mn (2018 vs. 2019)

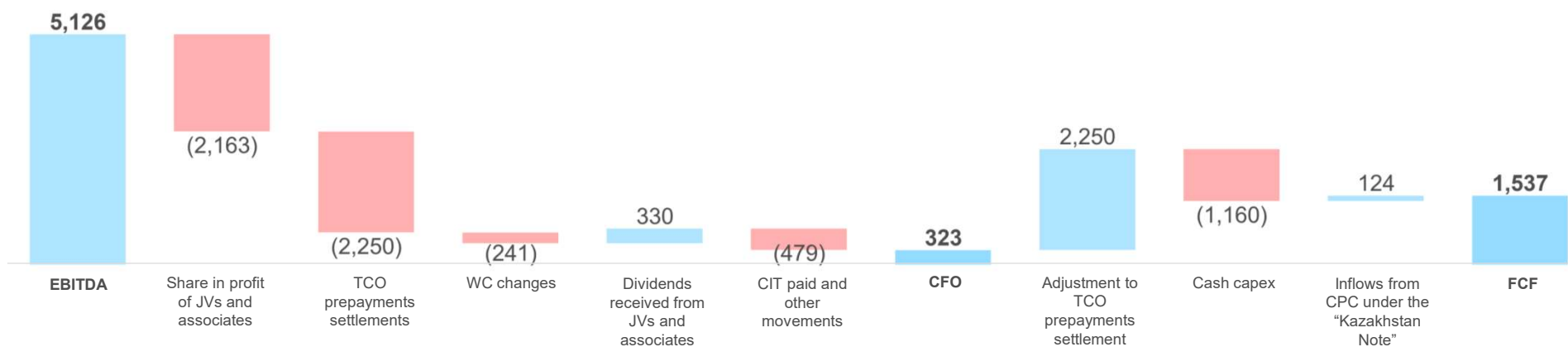


Key factors affecting segmented EBITDA

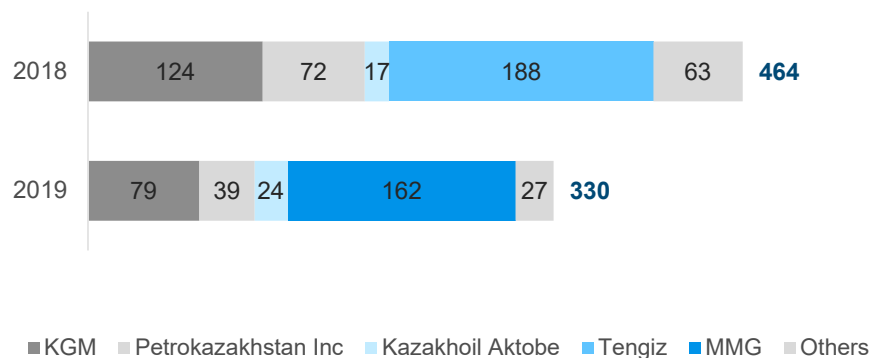
- **Upstream** operations reflected decrease of US\$ 385 mn mainly due to lower earnings from JVs and associates on the back of lower global oil prices.
- **Oil Transportation** segment was relatively stable over the year.
- EBITDA from “**Gas transportation and marketing**” segment soared by US\$ 330 mn mainly as a result of full recovery of accumulated unrecognized shares in the loss of Asian Gas Pipeline (AGP).
- **Refining segment** reflected insignificant decrease due to tenge depreciation against US Dollar.
- **Trading operations of Corporate center** reflected increase of US\$116 mn as result of transfer of KMG EP processing activities to NC KMG following the KMG EP delisting. KMG EP transferred its activities on processing crude oil at Atyrau and Pavlodar refineries and further distribution of oil products to both domestic and export markets. In addition, KMG Onimderi ceased its operations during 2Q of 2019, therefore the wholesale and retail sales now are combined by NC KMG.

EBITDA to FCF bridge

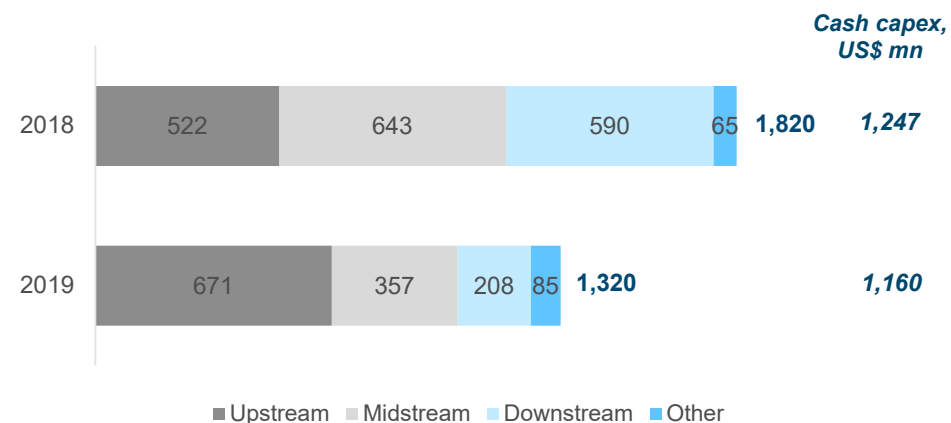
EBITDA to normalized FCF bridge 2019, US\$ mn



Dividends from JVs and associates, US\$ mn



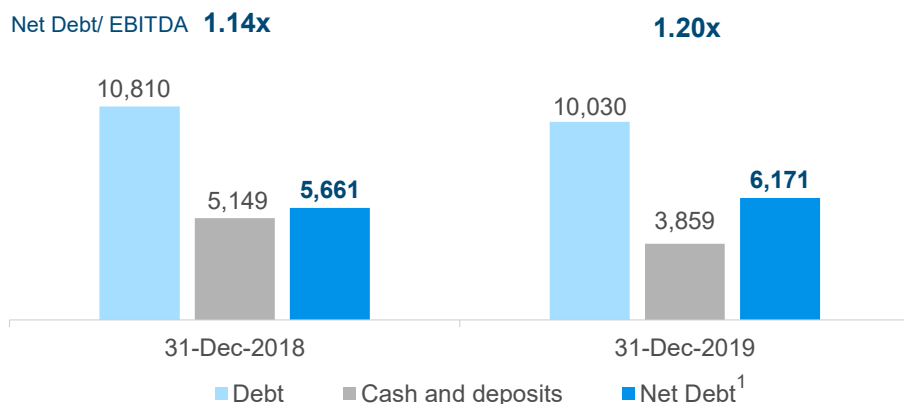
CAPEX on accrued basis, US\$ mn



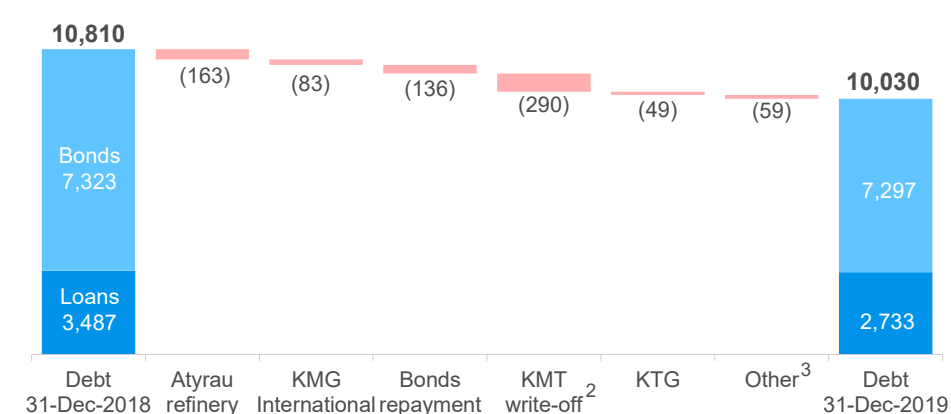
Debt profile

Debt and leverage, US\$ mn

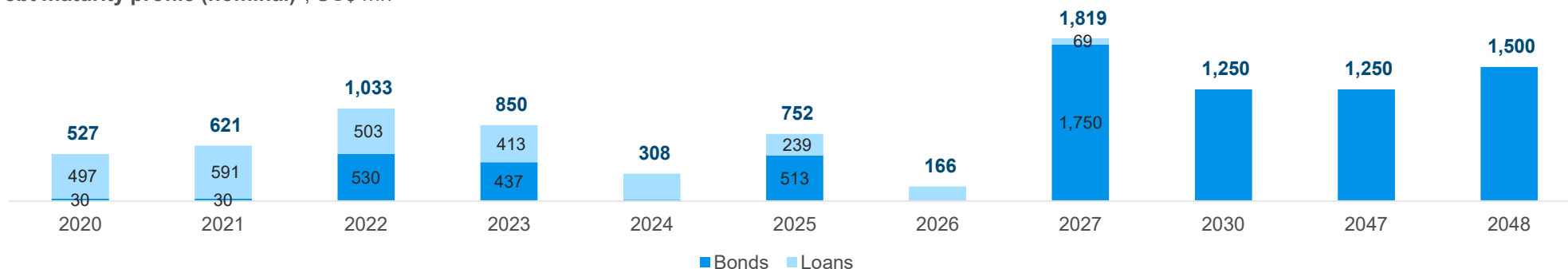
Net Debt/ EBITDA **1.14x**



Debt movement, US\$ mn



Debt maturity profile (nominal)⁴, US\$ mn



(1) Starting from 2019, the Company revised calculation approach of Net debt. In the reports for 2019, and for further periods, the Company calculates Net debt as "Bonds + Loans – Cash & cash equivalents – Short-term bank deposits – Long-term bank deposits of continued operations". Financial metrics for prior periods were recalculated respectively.

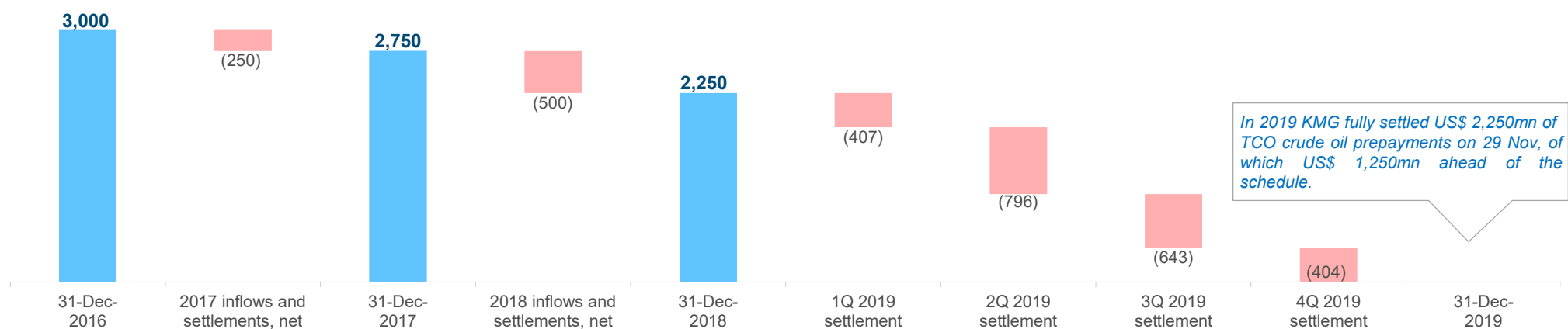
(2) KMT write-off relates to the derecognition of loan from partners of the Pearls project for the total amount of US\$ 290 mn due to the partners' decision to voluntarily relinquish the contract area under the Pearls PSA.

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

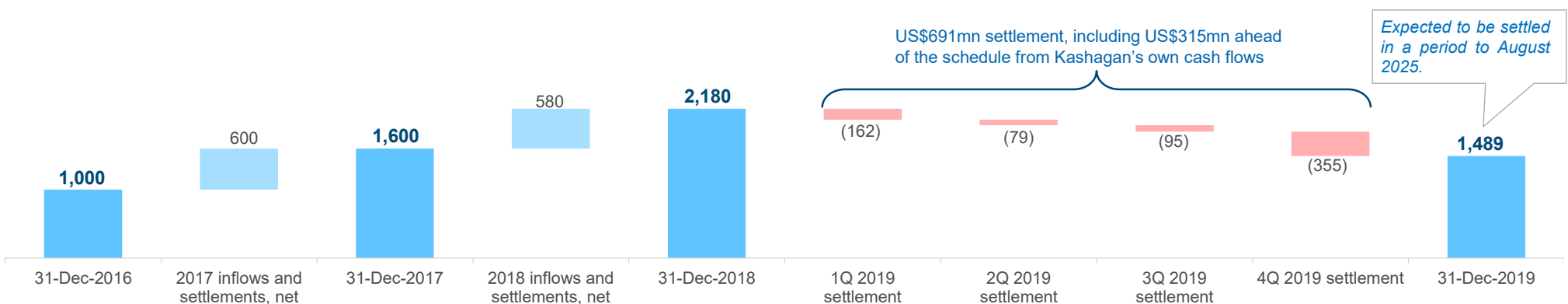
(4) Loans includes credit lines, government loans, overdrafts, trade financing. Debt maturity profile does not reflect guarantees and carry financing. As of 31 December 2019.

KMG fulfilled TCO crude prepayment in advance Kashagan's accelerated repayments

TCO crude oil prepayments movement¹, US\$ mn



Kashagan crude oil prepayments movement², US\$ mn



(1) TCO Advanced Oil Sale transaction: In 2016 KMG entered into a long-term TCO crude oil and liquefied petroleum gas (LPG) supply agreement, which included the prepayment. The total minimum delivery volume approximates 38.4 million tons of crude oil and 1.25 million ton of LPG in the period from the date of the contract to June and August 2021.

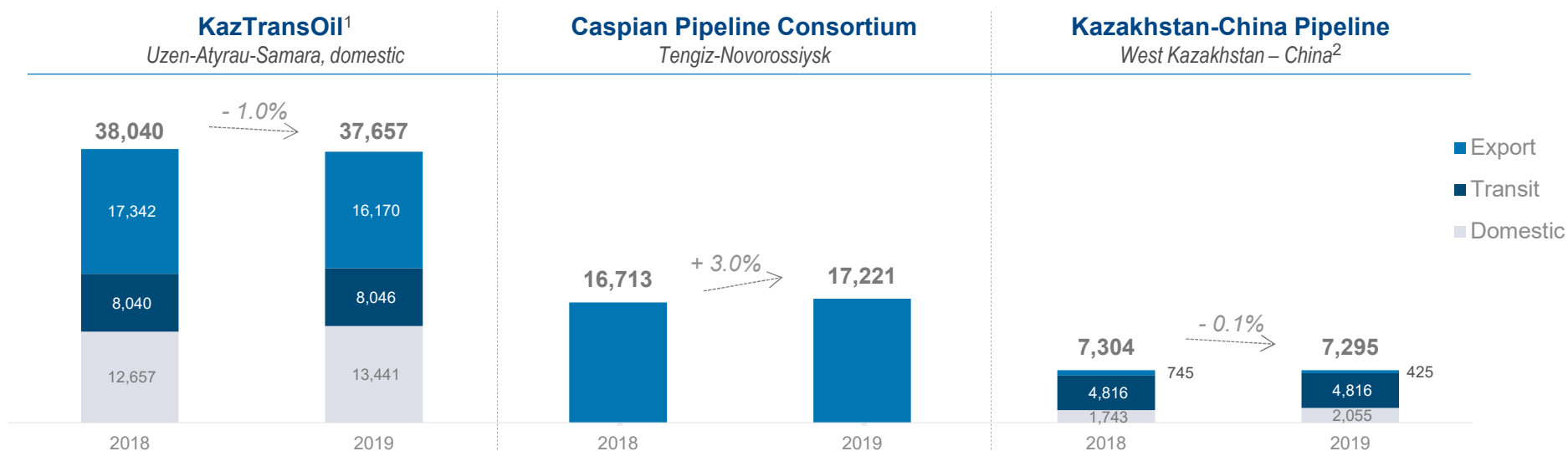
(2) Prepayments are at Kashagan B.V. level (50% owed by KMG), and are not consolidated into consolidated financial reporting of KMG.



Appendix

Midstream: Crude oil pipeline transportation

Oil transportation turnover by directions (net to KMG), (mt*km)

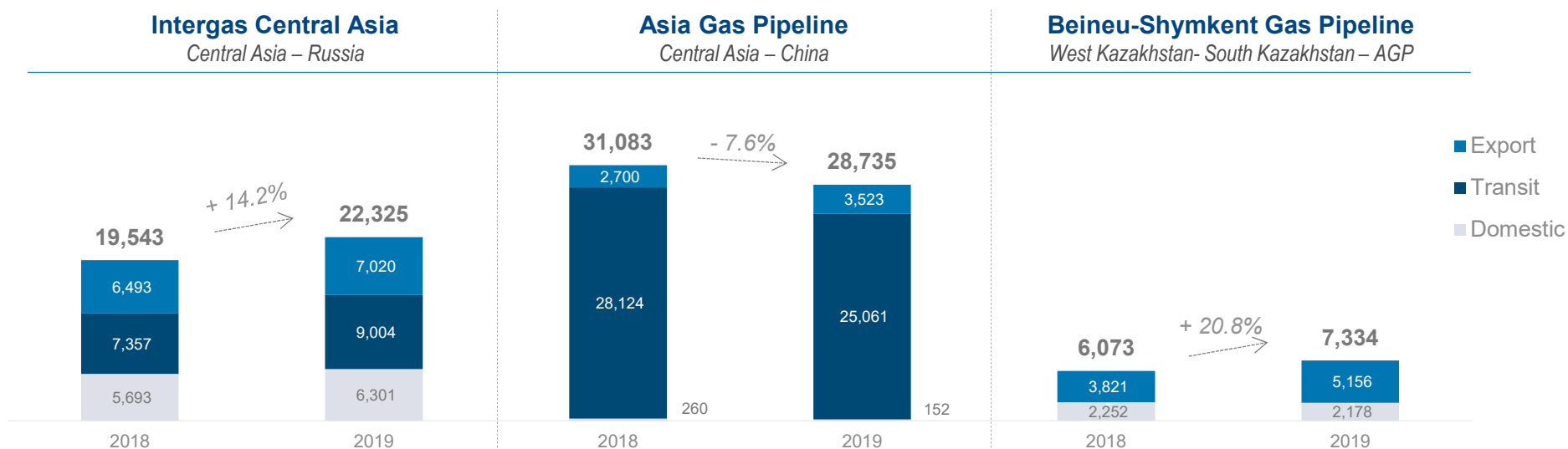


Oil transportation tariffs

Company	Direction	UoM	Average tariffs	% change 2018 vs 2019
KazTransOil	Export	tn per 1,000 km	6,399 KZT	+ 2%
	Domestic	tn per 1,000 km	4,722 KZT	+ 10%
	Transit	per tonne	4.23 USD	+ 36%
Caspian Pipeline Consortium	Export	per tonne	38 USD	no change
Kazakhstan-China Pipeline	Export	tn per 1,000 km	6,799 KZT	no change
	Domestic	tn per 1,000 km	7,158 KZT	+ 10%
	Transit	per tonne	10.77 USD	+ 31%

Midstream: Gas transportation

Gas transportation turnover by directions, net to KMG (mcm*km)

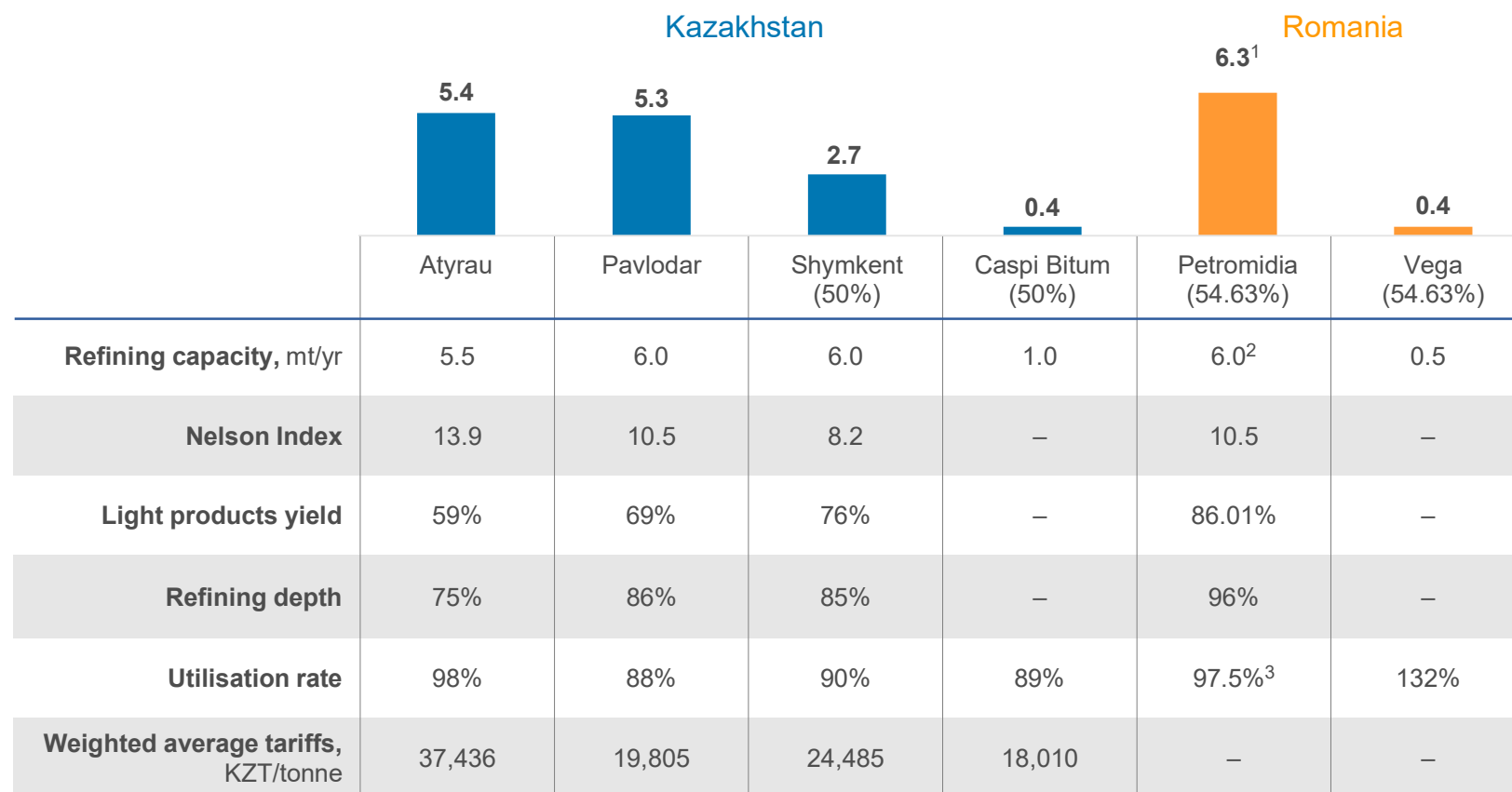


Gas transportation tariffs

Company	Direction	UoM	Average tariffs	% change 2018 vs 2019
Intergas Central Asia	Export	USD/ 1,000 m3 per 100 km	3.97 USD	+ 1%
	Domestic	KZT/ 1,000 m3	2,213 KZT	no change
	Transit	USD/ 1,000 m3 per 100 km	2.01 USD	+ 1%
Asia Gas Pipeline	Export	USD/ 1,000 m3 per 100 km	3.58 USD	no change
	Domestic	KZT/ 1,000 m3	3,494 KZT	no change
	Transit	USD/ 1,000 m3 per 100 km	3.58 USD	no change
Beineu-Shymkent Gas Pipeline	Export	KZT/ 1,000 m3	17,140 KZT	- 5%
	Domestic	KZT/ 1,000 m3	17,140 KZT	- 5%

Downstream: Refining details

Refining volumes in 2019 (net to KMG), mt



- (1) Total refining volume of 6.33 mln tonnes includes 5.43 mln tonnes of crude oil and 0.9 mln tonnes of other and alternative feedstocks.
- (2) Design capacity includes refining 5 mln tonnes of oil and 1 mln tonnes of other hydrocarbons per year.
- (3) Petromidia refinery's utilisation rate is 97.5% as per Solomon Associates methodology.

EBITDA segmented, 2019

In KZT bn	UPSTREAM	MIDSTREAM		DOWNSTREAM			NC KMG		OTHER	TOTAL
	E&P	Oil transportation	Gas transportation and marketing	Refining	KMG Int.	Trading	Trading	Corporate	OFS, other assets, and eliminations ²	
Operating EBITDA	462	144	215	194	80	(2)	78	(36)	1	1,135
Share in profit of JVs and associates ¹	501	75	242	(5)	1	0	0	0	14	828
Tengiz (20%)	415									
MMG (50%)	82									
KGM (50%)	19									
Kashagan (8.44%)	13									
KOA (50%)	8									
PKI (33%)	(18)									
CPC (20.75%)		71								
KCP (50%)		3								
MT (51%)		1								
AGP (50%)			168							
BSGP (50%)			56							
KazRosGas (50%)			18							
Shymkent refinery (50%)				(6)						
Other	(18)	51	0	1	1				13	
EBITDA	963	219	457	189	81	(2)	78	(36)	13	1,963
<i>% of total</i>	<i>49%</i>	<i>11%</i>	<i>23%</i>	<i>10%</i>	<i>4%</i>	<i>0%</i>	<i>4%</i>	<i>-2%</i>	<i>0%</i>	<i>100%</i>

(1) Equity method of consolidation.

(2) Eliminations = 2 bn of Operating EBITDA.

Fully consolidated entities: Upstream: OMG, EMG, Karachaganak, KTM; Midstream/Oil transportation: KTO, KMTF; Midstream/Gas: KazTransGas; Downstream/Refining: Atyrau refinery, Pavlodar refinery; Downstream/Trading: KMG Cooperative, KMG TH, KMG Onimderi, KMG Retail, KMG Aero.

EBITDA segmented, 2018

In USD mln	UPSTREAM	MIDSTREAM		DOWNSTREAM			NC KMG		OTHER	TOTAL
	E&P	Oil transportation	Gas transportation and marketing	Refining	KMG Int.	Trading	Trading	Corporate	OFS, other assets, and eliminations ²	
Operating EBITDA	1,113	359	802	537	203	7	90	(70)	(115)	2,926
Share in profit of JVs and associates ¹	1,787	174	64	(12)	3	0	0	0	5	2,021
Tengiz (20%)	1,274									
MMG (50%)	277									
Kashagan (8.44%)	99									
KGM (50%)	81									
PKI (33%)	42									
KOA (50%)	26									
CPC (20.75%)		168								
MT (51%)		6								
BSGP (50%)			48							
KazRosGas (50%)			15							
AGP (50%)										
KCP (50%)										
Shymkent refinery (50%)				(23)						
Other	(12)			11	3				5	
EBITDA	2,900	533	866	525	206	7	90	(70)	(110)	4,947
<i>% of total</i>	<i>59%</i>	<i>11%</i>	<i>17%</i>	<i>11%</i>	<i>4%</i>	<i>0%</i>	<i>2%</i>	<i>-2%</i>	<i>-2%</i>	<i>100%</i>

(1) Equity method of consolidation.

(2) Eliminations = 2 bn of Operating EBITDA.

22

Fully consolidated entities: Upstream: OMG, EMG, Karachaganak, KTM; Midstream/Oil transportation: KTO, KMTF; Midstream/Gas: KazTransGas. Downstream/Refining: Atyrau refinery, Pavlodar refinery; Downstream/Trading: KMG Cooperative, KMG TH, KMG Onimderi, KMG Retail, KMG Aero.



КазМұнайГаз
NATIONAL COMPANY / ҰЛТТЫҚ КОМПАНИЯСЫ

EBITDA segmented, 2018

In KZT bn	UPSTREAM	MIDSTREAM		DOWNSTREAM			NC KMG		OTHER	TOTAL
	E&P	Oil transportation	Gas transportation and marketing	Refining	KMG Int.	Trading	Trading	Corporate	OFS, other assets, and eliminations ²	
Operating EBITDA	384	124	277	185	70	3	31	(24)	(39)	1,009
Share in profit of JVs and associates ¹	617	60	22	(4)	1	0	0	0	1	697
Tengiz (20%)	439									
MMG (50%)	96									
Kashagan (8.44%)	34									
KGM (50%)	28									
PKI (33%)	15									
KOA (50%)	9									
CPC (20.75%)		58								
MT (51%)		2								
BSGP (50%)			17							
KazRosGas (50%)			5							
Shymkent refinery (50%)				(8)						
Other	(4)			4	1				1	
EBITDA	1,000	184	299	181	71	3	31	(24)	(38)	1,707
<i>% of total</i>	<i>59%</i>	<i>11%</i>	<i>17%</i>	<i>11%</i>	<i>4%</i>	<i>0%</i>	<i>2%</i>	<i>-1%</i>	<i>-2%</i>	<i>100%</i>

(1) Equity method of consolidation

(2) Eliminations = 2 bn of Operating EBITDA

23

Fully consolidated entities: Upstream: OMG, EMG, Karachaganak, KTM; Midstream/Oil transportation: KTO, KMTF; Midstream/Gas: KazTransGas; Downstream/Refining: Atyrau refinery, Pavlodar refinery; Downstream/Trading: KMG Cooperative, KMG TH, KMG Onimderi, KMG Retail, KMG Aero

Consolidated statement of comprehensive income

In KZT bn

For the years ended December 31

	2019	2018	Change	Change, %
Revenue and other income				
Revenue	6,859	6,989	(130)	-1.9%
Share in profit of joint ventures and associates, net	828	697	131	18.7%
Finance income	241	161	80	49.6%
Gain on sale of subsidiaries	17	18	(1)	-4.8%
Other operating income	25	23	2	8.3%
Total revenue and other income	7,970	7,889	81	1.0%
Costs and expenses				
Cost of purchased oil, gas, petroleum products and refining costs	(3,914)	(4,313)	399	-9.3%
Production expenses	(722)	(604)	(117)	19.4%
Taxes other than income tax	(454)	(478)	23	-4.9%
DDA	(337)	(285)	(52)	18.3%
Transportation and selling expenses	(420)	(371)	(50)	13.4%
General and administrative expenses	(214)	(213)	(0)	0.2%
Impairment of PPE, IA	(208)	(166)	(42)	25.6%
Other expenses	(7)	(23)	16	-69.1%
Finance costs	(317)	(428)	110	-25.8%
Net foreign exchange gain/(loss)	8	(38)	47	-122.1%
Total costs and expenses	(6,586)	(6,919)	334	-4.8%

Consolidated statement of comprehensive income (continued)

In KZT bn

For the years ended December 31

	2019	2018	Change	Change, %
Profit before income tax	1,385	969	415	42.8%
Income tax expenses	(226)	(279)	53	19.0%
Profit for the year from continuing operations	1,158	690	468	67.9%
Discontinued operations				
Profit/(loss) after income tax for the year from discontinued operations	0	3	(3)	-99.8%
Net profit for the year	1,158	694	465	67.0%
Net profit/(loss) for the year attributable to:				
Equity holders of the Parent Company	1,197	696	501	72.0%
Non-controlling interest	(39)	(2)	(36)	1544.7%
	1,158	694	465	67.0%

Consolidated statement of financial position

In KZT bn

As at December 31

	2019	2018	Change	Change, %
Assets				
Non-current assets				
Property, plant and equipment	4,484	4,515	(31)	-0.7%
Right-of-use assets	38	-	38	100.0%
Exploration and evaluation assets	180	190	(10)	-5.2%
Investment property	10	24	(15)	-60.6%
Intangible assets	171	173	(2)	-1.1%
Long-term bank deposits	53	52	0	0.4%
Investments in joint ventures and associates	5,590	4,895	695	14.2%
Deferred income tax asset	74	98	(24)	-24.7%
VAT receivable	134	113	20	18.1%
Advances for non-current assets	73	27	46	170.0%
Loans and receivables due from related parties	616	639	(23)	-3.6%
Other financial assets	2	5	(2)	-47.7%
Other non-current assets	17	17	0	1.3%
	11,442	10,748	694	6.5%
Current assets				
Inventories	281	312	(31)	-10.0%
VAT receivable	74	67	8	11.3%
Income tax prepaid	55	53	1	2.6%
Trade accounts receivable	398	494	(96)	-19.5%

Consolidated statement of financial position (continued)

In KZT bn

As at December 31

	2019	2018	Change	Change, %
Short-term bank deposits	360	386	(27)	-7.0%
Loans and receivables due from related parties	139	149	(10)	-6.7%
Other current assets	262	205	57	28.0%
Cash and cash equivalents	1,064	1,539	(475)	-30.9%
Assets classified as held for sale	8	62	(54)	-87.7%
Total assets	14,082	14,015	67	0.5%
Equity and liabilities				
Equity				
Share capital	917	917	-	0.0%
Additional paid-in capital	41	41	-	0.0%
Other equity	0	0	-	0.0%
Currency translation reserve	1,732	1,764	(32)	-1.8%
Retained earnings	5,469	4,341	1,128	26.0%
Attributable to equity holders of the Parent Company	8,158	7,063	1,096	15.5%
Non-controlling interest	38	80	(42)	-52.5%
Total equity	8,197	7,143	1,054	14.7%

Consolidated statement of financial position (continued)

In KZT bn

As at December 31

	2019	2018	Change	Change, %
Liabilities				
Non-current liabilities				
Borrowings	3,584	3,823	(239)	-6.2%
Provisions	274	230	44	19.1%
Deferred income tax liabilities	509	480	30	6.2%
Lease liabilities	36	7	29	449.6%
Prepayment on oil supply agreements	-	480	(480)	-100.0%
Other non-current liabilities	44	45	(2)	-3.4%
	4,447	5,064	(617)	-12.2%
Current liabilities				
Borrowings	253	331	(77)	-23.3%
Provisions	104	98	5	5.1%
Income tax payable	13	13	(0)	-2.0%
Trade accounts payable	668	633	35	5.6%
Other taxes payable	87	105	(18)	-17.5%
Lease liabilities	11	3	8	311.2%
Prepayment on oil supply agreements	-	384	(384)	-100.0%
Other current liabilities	303	236	67	28.3%
	1,438	1,803	(365)	-20.2%
Liabilities directly associated with the assets classified as held for sale	-	5	(5)	-100.0%
Total liabilities	5,885	6,872	(987)	-14.4%
Total equity and liabilities	14,082	14,015	67	0.5%
Book value per ordinary share	13.154	11.424		

Consolidated statement of cash flows (direct, not part of financial statements, unaudited)

In KZT bn

For the years ended December 31

	2019	2018	Change	Change, %
Cash flows from operating activities				
Receipts from customers	6,981	7,619	(639)	-8.4%
Payments to suppliers	(4,856)	(5,096)	240	-4.7%
Other taxes and payments	(1,360)	(1,258)	(102)	8.1%
Dividends received from joint ventures and associates	126	160	(34)	-21.0%
Net payment for derivative instruments	(0)	(0)	0	-96.9%
Income taxes paid	(162)	(186)	24	-13.0%
Interest received	118	134	(16)	-12.0%
Interest paid	(239)	(248)	9	-3.8%
Payments to employees	(376)	(387)	11	-3.0%
Taxes received from Tax authorities	25	30	(5)	-16.1%
Social payments and pension funds	(52)	(52)	(0)	0.0%
Other payments	(82)	(86)	5	-5.4%
Net cash flow from operating activities	124	629	(505)	-80.3%
Cash flows from investing activities				
Withdrawal/(placement) of bank deposits, net	29	1,295	(1,266)	-97.8%
Purchase of PPE, IA, investment property and exploration and evaluation assets	(444)	(430)	(14)	3.2%
Proceeds from sale of PPE, IA, investment property and exploration and evaluation assets	43	9	34	391.1%
Proceeds from disposal of subsidiaries	57	18	39	213.4%
Acquisition of and contribution to joint ventures	(1)	(1)	1	-39.4%
Proceeds from disposal of joint ventures	-	2	(2)	-100.0%

Consolidated statement of cash flows (direct, not part of financial statements, unaudited) (continued)

In KZT bn

For the years ended December 31

	2019	2018	Change	Change, %
Refund of contribution to joint ventures	-	93	(93)	-100.0%
Loans given to related parties	(57)	(65)	8	-12.7%
Repayment of loans due from related parties	48	41	7	16.3%
Refund/(acquisition) of debt securities	0	0	0	86.1%
Note receivable from a shareholder of a joint venture	5	29	(24)	-81.5%
Net cash flows (used in)/ from investing activities	(320)	991	(1,311)	-132.2%
Cash flows from financing activities				
Proceeds from borrowings	272	1,250	(978)	-78.3%
Repayment of borrowings	(445)	(2,070)	1,625	-78.5%
Dividends paid to Samruk-Kazyna and National Bank of RK	(37)	(36)	(1)	2.0%
Dividends paid to non-controlling interests	(6)	(6)	1	-10.9%
Share buyback by subsidiary	(2)	(643)	640	-99.6%
Distribution to Samruk-Kazyna	(36)	(14)	(23)	167.8%
Payment of lease liabilities	(16)	(2)	(15)	938.6%
Net cash flows (used in)/from financing activities	(270)	(1,520)	1,250	-82.2%
Effects of exchange rate changes	(15)	179	(194)	-108.3%
Change in allowance for expected credit losses	(0)	(0)	(0)	0%
Net change in cash and cash equivalents	(481)	279	(761)	-272.4%
Cash and cash equivalents, at the beginning of the year	1,546	1,267	279	22.0%
Cash and cash equivalents, at the beginning of the year	1,064	1,546	(481)	-31.1%

KMG GROUP STRUCTURE

Key subsidiaries, associates and JVs

UPSTREAM	MIDSTREAM	DOWNSTREAM	OTHERS
<p>Operated fields:</p> <p>Ozenmunaigas (OMG) - 100%</p> <p>Embamunaigaz (EMG) - 100%</p> <p>KazakhTurkMunai (KTM) - 100%</p> <p>KazMunayTeniz (KMT) - 100%</p> <p>Mangistaumunaigaz (MMG) - 50%</p> <p>Kazgermunai (KGM) - 50%</p> <p>PetroKazakhstan Inc. (PKI) - 33%</p> <p>KarazhanbasMunay (KBM) - 50%</p> <p>KazakhOil Aktobe (KOA) - 50%</p> <p>Mega projects:</p> <p>Tengizchevroil (TCO) - 20%</p> <p>Karachaganak (KPO) - 10%</p> <p>Kashagan - 8.44%¹</p> <p>Greenfields:</p> <p>Zhenis - 100 %</p> <p>Urikhtau - 100% Isatai - 50%</p> <p>Ustyurt - 100% Tsentralnoe - 50%</p> <p>Zhambyl - 100% Hvalynskoe - 50%</p> <p>Kurmangazy - 100%</p>	<p>Oil transportation:</p> <p>KazTransOil - 90%</p> <p>- Batumi Oil Terminal - 100%</p> <p>- Kazakhstan China Pipeline (KCP) – 50%</p> <p>- Munai Tas – 51%</p> <p>CPC – 20.75%</p> <p>Kazmortransflot – 100%</p> <p>Gas transportation:</p> <p>KazTransGas – 100%</p> <p>- ICA – 100%</p> <p>- KTG Aimak – 100%</p> <p>- AGP – 50%</p> <p>- BSGP – 50%</p> <p>Marketing:</p> <p>KazRosGas – 50%</p>	<p>Pavlodar refinery – 100%</p> <p>Atyrau refinery – 99.53%</p> <p>KMG International – 100%</p> <p>Shymkent refinery – 49.72%</p> <p>Caspi Bitum – 50%</p>	<p>Oil Services Company – 100%</p> <p>Oil Construction Company – 100%</p> <p>Oil Transport Corporation – 100%</p> <p>Mangistauenergomunai – 100%</p> <p>Munaitelecom – 100%</p> <p>KMG Engineering – 100%</p> <p>TenizService – 49%</p> <p>KMG Nabors Drilling Company – 49%</p> <p>KMG Parker Drilling Company – 49%</p> <p>KMG Automation – 49%</p>

 Fully consolidated assets

(1) In October 2015, KMG sold 50% of its shares in Kashagan to Samruk-Kazyna with a call option to buy back all part of shares at any time between 2020 and 2022. KMG and Samruk-Kazyna own 16.88% in total.

Abbreviations list

AG – CJSC Amangeldy Gas
AGP – Asia gas pipeline
bbl – barrel
bcm – billion cubic meters
bn – billion
BSGP – Beineu-Shymkent gas pipeline
Caspi – JSC “Caspi Bitum JV”
CEFC - China Energy Company Limited
CIS - Commonwealth of Independent States
CPC - Caspian pipeline consortium
DD&A - Depreciation, depletion and amortisation
DBK – Development Bank of Kazakhstan
EMG – JSC EmbaMunaiGas
ESG – Environmental, social and Governance
GDP – Gross domestic product
GPC – Gas Processing Company
ICA – JSC Intergas Central Asia
IOGP – International Association of Oil&Gas Producers
JV - Joint Venture
KazGPZ – Kazakhstan gas production plant
KBM – JSC Karazhanbasmunai
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

KMTF - KazMorTransFlot
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
mn - 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
PKI – PetroKazakhstan inc.
PRMS - Petroleum Resources Management System
PSA - Purchase-sale agreement
TCO – Tengizchevroil LLP
TP - JSC Turgai Petroleum
US\$ - US dollars