

PROFIT

Net profit increased by 67.0% year-on-year and equaled KZT 1,158 bln (USD 3,026 mln). The growth is explained by full recovery of accumulated unrecognized shares in the loss of AGP,

increased gas exports to China, a finance income increase and a decrease of finance costs for 2019.

EBITDA structure

| | UoM | 2019 | 2018 | % |
|--------------------------------------|--------------------------|-------|-------|-------|
| Exploration and production | KZT bln | 963 | 1,000 | -4% |
| | USD mln | 2,515 | 2,900 | -13% |
| | % of EBITDA ¹ | 49% | 59% | -10pp |
| Oil transportation | KZT bln | 219 | 184 | 19% |
| | USD mln | 572 | 533 | 7% |
| | % of EBITDA | 11% | 11% | 0pp |
| Gas trading and transportation (KTG) | KZT bln | 458 | 299 | 53% |
| | USD mln | 1,196 | 866 | 38% |
| | % of EBITDA | 23% | 17% | 6pp |
| Refining | KZT bln | 189 | 181 | 4% |
| | USD mln | 494 | 525 | -6% |
| | % of EBITDA | 10% | 11% | -1pp |
| KMG International | KZT bln | 81 | 71 | 14% |
| | USD mln | 213 | 206 | 3% |
| | % of EBITDA | 4% | 4% | 0pp |
| Trading | KZT bln | -2 | 3 | -167% |
| | USD mln | -7 | 7 | -200% |
| | % of EBITDA | 0% | 0% | 0pp |
| Corporate center (trading) | KZT bln | 78 | 31 | 152% |
| | USD mln | 206 | 90 | 129% |
| | % of EBITDA | 4% | 2% | 2pp |
| Corporate center (adm.) | KZT bln | -36 | -24 | 50% |
| | USD mln | -95 | -70 | 36% |
| | % of EBITDA | -2% | -2% | 0pp |
| Other ² | KZT bln | 13 | -38 | -134% |
| | USD mln | 32 | -119 | -127% |
| | % of EBITDA | 0% | -2% | 2pp |
| EBITDA | KZT bln | 1,963 | 1,707 | 15% |
| | USD mln | 5,126 | 4,947 | 4% |

¹. EBITDA in Tenge.

². Include eliminations, which are represents exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

We analyzed segmented information according to IFRS. Segment performance is evaluated based on revenues and net profit.

Group's operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business, which offer different types of the goods and services in different markets.

The Company's activity consist of four main operating segments: exploration and production of oil and gas, oil transportation, gas trading and transportation, refining, KMG International, Sales of crude oil and refined products to third parties, Corporate center of NC KMG and other (oilfield service companies and other insignificant companies). KMG presents Corporate center's activities separately, since NC KMG performs not only the functions of the parent company, but also carries out operational activities (processing of crude oil at Atyrau and Pavlodar refineries and further sale of oil products to both domestic and export markets).

Key factors affecting segmented EBITDA in 2019:

- Upstream operations reflected decrease of USD 385 mln 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 USD 330 mln mainly as a result of full recovery of accumulated unrecognized shares in the loss of Asian Gas Pipeline (AGP);
- Refining segment EBITDA decreased slightly due to tenge depreciation against USD;
- EBITDA from Corporate office's trading operations up USD 116 mln as a result of transfer of KMG EP's oil processing activities (from OMG and EMG) from KMG EP to NC KMG following KMG EP's delisting in 2018. KMG EP transferred its activities on processing crude oil at Atyrau and Pavlodar refineries and further sale 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.

up **15%**
EBITDA

CASH FLOWS

The following table below provides our consolidated cash flows for 2018 and 2019:

| KZT mln | 2019 | 2018 | Change | % |
|---|------------------|----------------|------------------|----------------|
| Net cash flow from operating activities | 123,801 | 629,161 | (505,360) | -80.3% |
| Adjusted cash flows from operating activities | 988,251 | 801,113 | 187,138 | 23.4% |
| Net cash flows (used in)/ from investing activities | (319,562) | 991,081 | (1,310,643) | -132.2% |
| Net cash flows (used in)/from financing activities | (270,371) | (1,520,368) | 1,249,997 | -82.2% |
| Effects of exchange rate changes | (14,985) | 179,467 | (194,452) | -108.3% |
| Change in allowance for expected credit losses | (279) | (98) | (181) | 184.7% |
| Net change in cash and cash equivalents | (481,396) | 279,243 | (760,639) | -272.4% |
| Net change in cash and cash equivalents, USD mln | (1,257) | 809 | (2,067) | -255.4% |

up **42.4%**
FCF