

## STATEMENT OF FINANCIAL POSITION

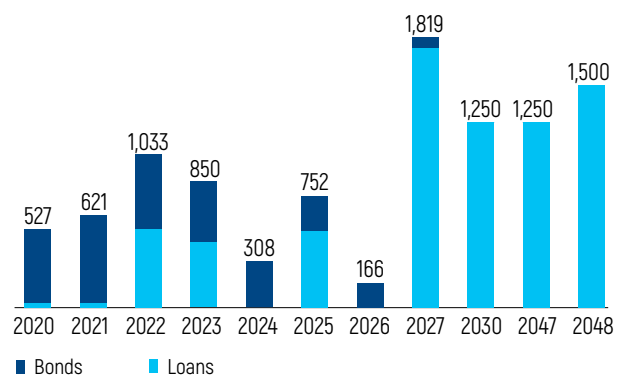
KZT mln	2019	2018	Change	%
<b>Assets</b>				
Property, plant and equipment	4,484,271	4,515,170	(30,899)	-0.7%
Investments in joint ventures and associates	5,590,384	4,895,444	694,940	14.2%
Long-term bank deposits	52,526	52,297	229	0.4%
Other non-current assets	1,314,823	1,285,418	29,405	2.3%
Short-term bank deposits	359,504	386,459	(26,955)	-7.0%
Cash and cash equivalents	1,064,452	1,539,453	(475,001)	-30.9%
Other current assets	1,208,351	1,279,279	(70,928)	-5.5%
	14,074,311	13,953,520	120,791	0.9%
Assets classified as held for sale	7,604	61,760	(54,156)	-87.7%
<b>TOTAL ASSETS</b>	<b>14,081,915</b>	<b>14,015,280</b>	<b>66,635</b>	<b>0.5%</b>
<b>TOTAL ASSETS, USD mln</b>	<b>36,807</b>	<b>36,479</b>	<b>328</b>	<b>0.9%</b>
<b>Equity and liabilities</b>				
<b>TOTAL EQUITY</b>	<b>8,196,656</b>	<b>7,143,069</b>	<b>1,053,587</b>	<b>14.7%</b>
<b>TOTAL EQUITY, USD mln</b>	<b>21,424</b>	<b>18,592</b>	<b>2,832</b>	<b>15.2%</b>
Non-current borrowings	3,584,076	3,822,648	(238,572)	-6.2%
Other non-current liabilities	862,741	1,241,408	(378,667)	-30.5%
Current borrowings	253,428	330,590	(77,162)	-23.3%
Other current liabilities	1,185,014	1,472,526	(287,512)	-19.5%
	<b>5,885,259</b>	<b>6,867,172</b>	<b>(981,913)</b>	<b>-14.3%</b>
Liabilities directly associated with the assets classified as held for sale	-	5,039	(5,039)	-100.0%
<b>TOTAL LIABILITIES</b>	<b>5,885,259</b>	<b>6,872,211</b>	<b>(986,952)</b>	<b>-14.4%</b>
<b>TOTAL LIABILITIES, USD mln</b>	<b>15,383</b>	<b>17,887</b>	<b>(2,504)</b>	<b>-14.0%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,081,915</b>	<b>14,015,280</b>	<b>66,635</b>	<b>0.5%</b>
<b>TOTAL EQUITY AND LIABILITIES, USD mln</b>	<b>36,807</b>	<b>36,479</b>	<b>328</b>	<b>0.9%</b>

## STRATEGIC OBJECTIVE: STRENGTHEN FINANCIAL STABILITY

KMG's gross debt is represented by Bonds and Loans. The debt portfolio is mainly formed in US dollars - the currency of major incomes. Accordingly, the "organic" hedging of currency risk is achieved without the need of using derivative financial instruments. As part of the development strategy, the Company took a number of measures to strengthen financial stability:

- smoothed the debt maturity profile of KMG's debt by refinancing of short-term bonds into long-term ones;
- aligned the covenants in the documentation for the issuance of Eurobonds;
- systematically reduced the debt level, including the advance settlement of obligations pursuant to TCO Oil Sale Transaction;
- to minimize the currency risk, KMG refinanced some loans from US dollars to tenge.

DEBT MATURITY PROFILE (NOMINAL), USD MLN



## MEASURES TAKEN AS PART OF DEBT MANAGEMENT

In 2018, the Company successfully placed 7-year, 12-year and 30.5-year issues of Eurobonds as part of managing its portfolio of obligations. The purpose of the new Eurobond issue is to refinance upcoming liabilities and manage the debt structure. Thanks to refinancing of Eurobonds in the amount of USD 3.25 bln in 2018, it was possible to achieve a more balanced schedule of repayment of obligations and changes in a number of restrictive conditions on the part of lenders, the so-called covenants.

Total debt as of December 31, 2019 decreased by KZT 316 bln (USD 780 mln) or 7.6% compared with the figure as of December 31, 2018 and amounted to KZT 3,838 bln (USD 10,030 mln). The decrease in total debt is due to:

- writing off a loan from partners of the Pearl project in the total amount of KZT 111 bln (USD 290 mln);
- a decrease in debt at the Atyrau Refinery in the amount of KZT 62 bln (about USD 163 mln);
- In March 2019, KMG received the consent of the holders of Eurobonds due for redemption in 2022, 2023, 2027, 2047. (Eurobonds issued before 2018) to align the covenant package with the terms of the 2018 Eurobond issue and early redemption of Eurobonds in the amount of USD 30.1 mln (KZT 11.6 bln) due to be paid in 2044;
- repayment of DBK bonds in the amount of KZT 40.5 bln (about USD 113 mln) and a decrease in borrowings of KMG I in the amount of KZT 32 bln (USD 83 mln).

Also in July 2019, Atyrau Refinery transferred the loan currency to DBK in the amount equivalent to USD 152 mln, from "USD" to "KZT" order to manage currency risk. Additionally, in December 2019, the Atyrau Refinery entered into a loan agreement with DBK for the amount equivalent to USD 200 mln. The funds in the amount of USD 87 mln were spent on financing the oil and processing plant modernization and it is also planned to use the funds to partially refinance the foreign currency debt of the plant at Exim Bank of China in January 2020 in the amount of USD 110 mln.

On November 30, 2019, the Company ahead of schedule fulfilled its contractual obligation to return the advance payment as part of the TCO<sup>1</sup> oil and liquefied petroleum gas advance transaction from the international trading company Vitol and the syndicate of international banks. In general, in 2019 KMG its debt mainly due to the accelerated settlement of TCO prepayment facilities in the amount of USD 2,250 mln, including USD 1,250 mln ahead of the schedule.

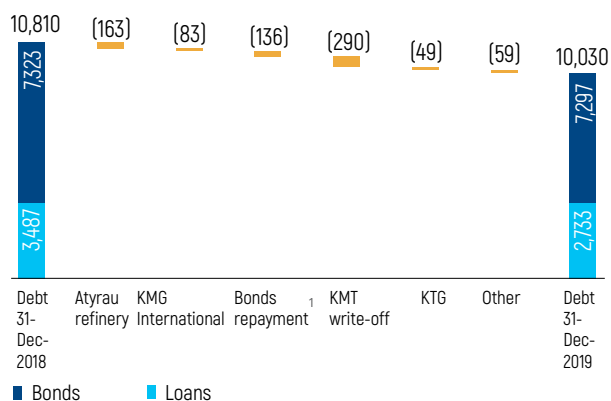
The cash and cash equivalents balance as of 31 December 2019 including cash in deposits decreased by 25.4% to KZT 1,476 bln (USD 3,859 mln), mainly due to the cash utilization for the acceleration of a prepayments settlement pursuant to the TCO Advanced Oil Sale transaction (USD 1,250 mln settlement ahead of the schedule).

As a result of the above, KMG's net debt as of 31 December 2019 amounted to KZT 2,361 bln (USD 6,171 mln) reflecting an increase of 8.6% compared to KZT 2,175 bln (USD 5,661 mln) as of 31 December 2018.

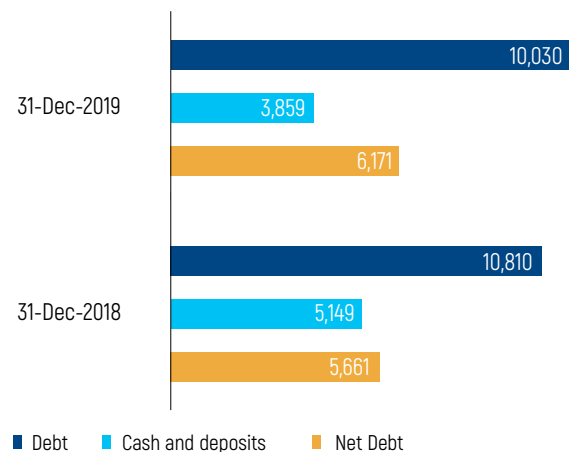
**- 7.6%**  
reduction in total debt

**USD 2.25 bln**  
accelerated settlement  
of TCO prepayment facilities in 2019

DEBT MOVEMENT, USD MLN



DEBT AND LEVERAGE, USD MLN



<sup>1</sup>. For reader convenience, amounts in USD were converted at the average exchange rate for the applicable period (average exchange rate for 2019 was 382.87 KZT/USD).  
<sup>2</sup>. 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 mln tonnes of crude oil and 1 mln tonne of LPG in the period from the date of the contract to June and August 2021, respectively.