

# JSC “KazMunaiGas Exploration and Production”

2016FY Financial results

February 2017



# Disclaimer

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## 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 KazMunaiGas Exploration Production (“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.

## Cautionary Note to US Investors

The US SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that the company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The crude oil reserves of Company and its associates and joint ventures (“Company’s reserves”) within this document have been estimated by Gaffney, Cline & Associates (“GCA”) and Miller and Lents (“MLL”) according to standards established by the Society of Petroleum Engineers (“SPE”) and the World Petroleum Congresses (“WPC”) and thus proved reserves may differ from those estimated according to the definitions of the US SEC. Further, the Company uses certain terms in this document in referring to the Company’s reserves, such as “probable” or “possible” reserves, that the US SEC’s guidelines would prohibit it from including in filings with the US SEC if the Company were subject to reporting requirements under the US Exchange Act. Prospective investors should read reports of GCA and MLL on the Company’s reserves for more information on the Company’s reserves and the reserves definitions the Company uses.



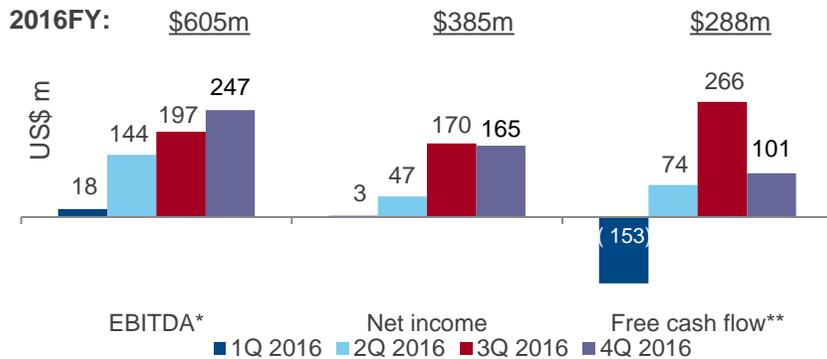
# 2016FY financial highlights

## Domestic sales pricing and macro indicators

	2015	2016	Change
Average Brent (US\$ / bbl)	52.4	43.7	-17%
Average KZT/USD rate	222.3	341.8	54%
Domestic sales pricing at ANPZ (KZT per tonne)	37,000	42,366 <sup>1</sup>	14.5%
Domestic sales pricing at PNHZ (KZT per tonne)	37,000	51,473 <sup>1</sup>	39.1%

1. Starting from April 2016, KMG EP switched to the independent crude oil processing scheme. Domestic sales price is calculated as net revenue achieved from the sales of refined products (net of all processing and marketing costs) in April-December 2016 excluding 1Q2016 domestic sales prices.

## Return to positive FCF from 2Q16



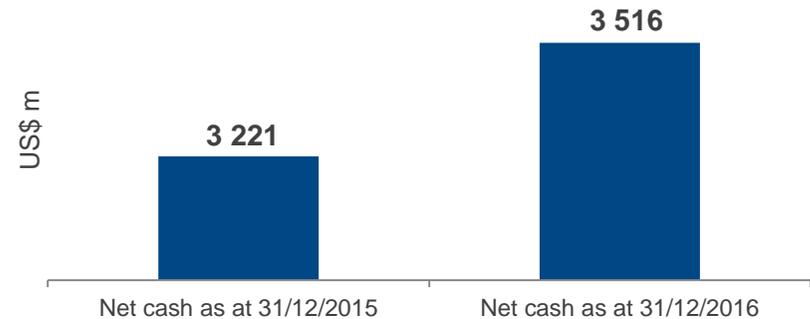
2016FY: 207 KZT bn

132 KZT bn

98 KZT bn



## Net cash\*\*\* uplift by \$295mn as at 31/12/2016



## Developments on tax issues

As a result of extensive work, facilitated and significantly aided by NC KMG, the Ministry of Energy and the Ministry of Finance, the overall effect from developments on tax issues related to the 2006-2008 tax audit, reduction of the MET rate for OMG, VAT recoverability, reduction of the rent tax and 2009-2012 tax audit was 84.4bn Tenge in 2016.

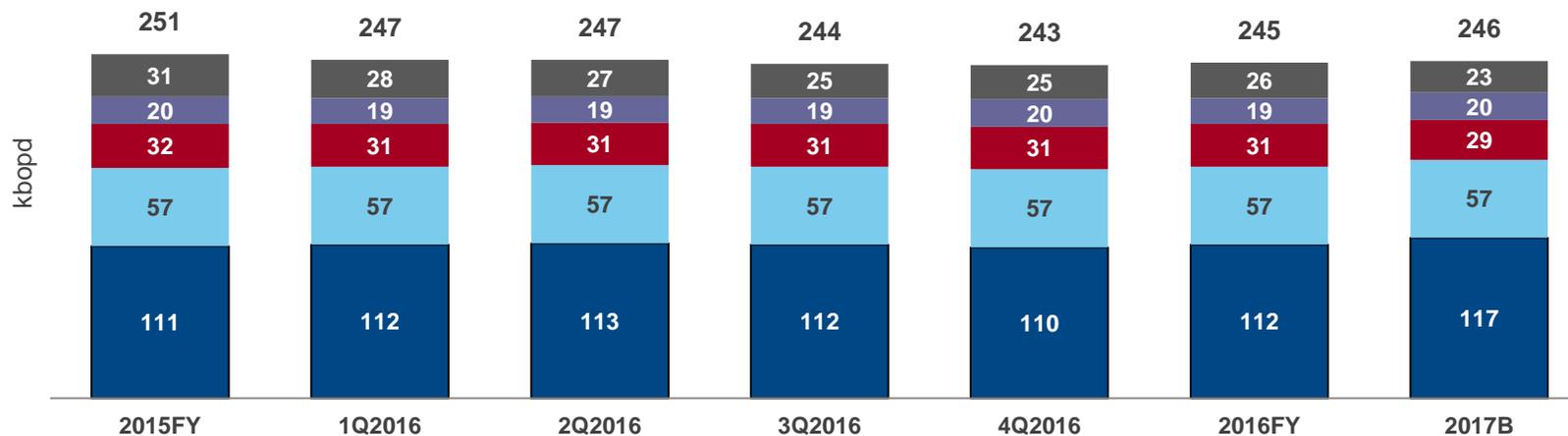
\*EBITDA includes income from joint ventures and finance income

\*\*Free Cash Flow is calculated as CFO-Capex (per CFS)+Dividends received from JV's+Interest received+CCEL priority payment

\*\*\*Cash and financial assets less borrowings



## 2016FY operating highlights



th. tonnes	12,351	3,043	3,035	3,056	3,021	12,155	12,189
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■ OMG ■ EMG ■ KGM (50%) ■ CCEL (50%) ■ PKI (33%)

- PKI production down by 15% YoY as expected due to the reserves depletion of some of PKI's mature fields and a decrease in drilling activity
- OMG production is up by 1% YoY primarily due to the geological and technical measures performed
- In 2016, 216 wells were drilled at OMG and EMG compared to 283 in 2015
- Currently 191 wells planned for drilling in 2017 at OMG and EMG



## 2016FY Key Figures

		2016FY	2015FY	YoY, %	4Q2016*	3Q2016*	QoQ, %
Brent	\$/bbl	44	52	-17%	49	46	8%
Average FX rate	Tg/US\$	342	222	54%	335	341	-2%
Core production	kbopd	169	168	1%	167	169	-1%
JV's production	kbopd	76	83	-8%	76	76	0%
Core export	%	59%	56%	3pp	57%	60%	-3pp
JV's export	%	50%	42%	8pp	46%	55%	-9pp
Revenue	KZT bn	727	530	37%	213	201	6%
	US\$m	2,128	2,384	-11%	631	589	7%
Share in JV's income	KZT bn	(13)	(20)	na	(5)	(1)	na
	US\$m	(37)	(90)	na	(15)	(3)	na
EBITDA <sup>1</sup>	KZT bn	207	9	na	83	68	na
	US\$m	605	40	na	247	197	na
Net profit <sup>2</sup>	KZT bn	132	244	-46%	56	58	-4%
	US\$m	385	1096	-65%	165	170	-3%
FCF estimate <sup>3</sup>	KZT bn	98	(125)	na	34	92	na
	US\$m	288	(562)	na	101	266	na
Net cash	KZT bn	1,172	1,093	7%	1,172	1,145	2%
	US\$m	3,516	3,221	9%	3,516	3,414	3%

1) EBITDA is calculated as Revenue+Share in JV's income+Finance income-Production expenses-SG&A-Exploration expenses-Taxes other than on income+Other income

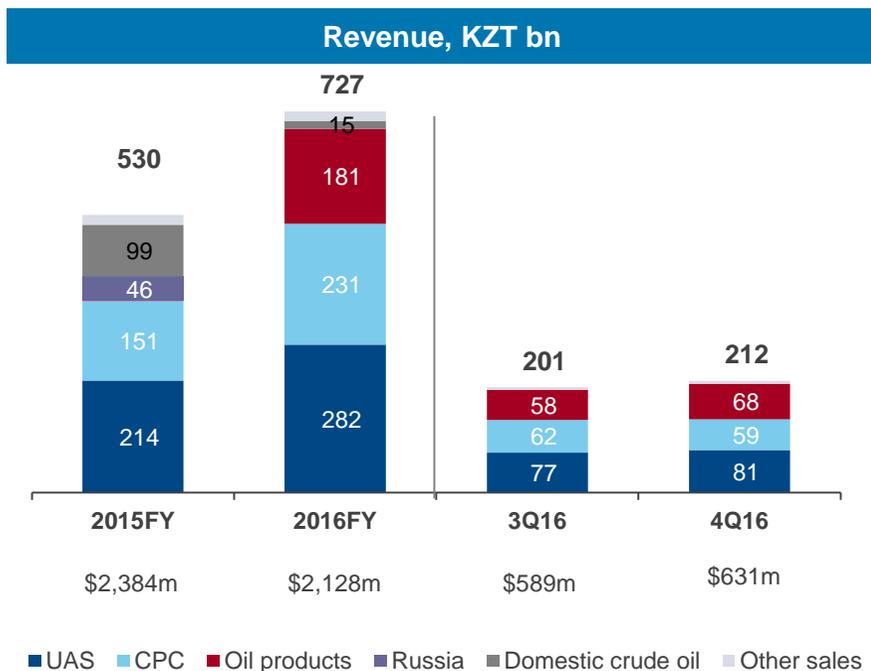
2) Net profit includes FX gain of 449bn Tg in 2015FY, FX loss of 13bn Tg in 2016FY, FX loss of 6bn Tg in 4Q2016 and FX loss of 9 bn Tg in 3Q2016

3) Free Cash Flow Estimate is calculated as CFO-Capex (per CFS)+Dividends received from JV's+Interest received+CCEL priority payment

\* Quarterly results in US\$ terms are calculated as the difference in US\$ amounts between 6M and 3M for 2Q, 9M and 6M for 3Q and 12M and 9M for 4Q



# 2016FY Revenue



Revenue increased by 37% YoY mainly due to:

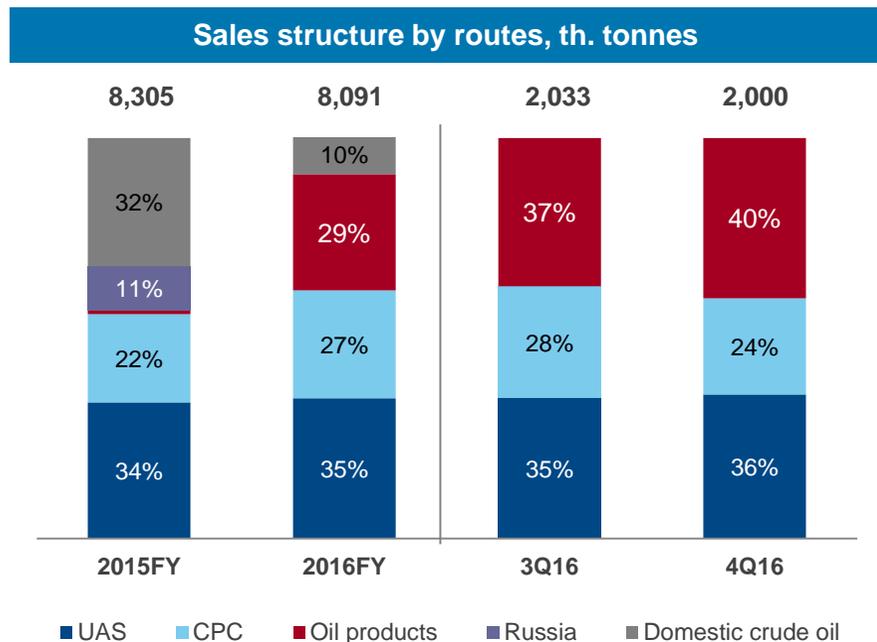
- 54% increase in average Tenge/USD rate
- Switch to the processing scheme
- Offset a decline in Brent price by ~17% YoY

Revenue increased by 6% QoQ mainly due to:

- ~ 8% increase in Brent price
- Increase in volume of oil products sold at PNHZ



## Export and Domestic Sales (OMG and EMG)



**Netbacks by routes\*, \$ per bbl**

	2016FY		1Q2016**		2Q-4Q2016**	
	UAS	CPC	ANPZ	PNHZ	ANPZ	PNHZ
Brent	43.7	43.7	-	-	-	-
Price diff, quality bank	(2.4)	(3.9)	-	-	-	-
Realized price	41.3	39.8	5.7	10.7	17.4	21.2
Rent tax	(2.6)	(2.4)	-	-	-	-
Transportation	(5.6)	(7.3)	(1.4)	(4.0)	(1.2)	(3.7)
Export customs duty	(5.4)	(5.4)	-	-	-	-
MET	(3.7)	(3.7)	(1.1)	(0.5)	(0.8)	(0.7)
<b>Netback</b>	<b>24.0</b>	<b>21.0</b>	<b>3.2</b>	<b>6.2</b>	<b>15.4</b>	<b>16.8</b>
Premium of bbl difference	-	4.0	-	-	-	-
<b>Effective netback</b>	<b>24.0</b>	<b>25.0</b>	<b>3.2</b>	<b>6.2</b>	<b>15.4</b>	<b>16.8</b>

\* The netback calculation methodology has been changed starting from 1Q2015 to include MET subtraction from the netback.

\*\* The Company switched to oil processing scheme starting from April 2016, as the result the Company shipped OMG and EMG crude oil for processing to ANPZ and PNHZ in 2Q-4Q 2016. Netbacks of ANPZ and PNHZ for 2Q-4Q 2016 are based on the net revenue tenge per tonne of crude oil shipped to ANPZ and PNHZ for oil processing reflected in the Statement of Net Revenue from sales of Refined Products.



## Net revenue from sales of oil products

(KZT million, unless otherwise stated)	ANPZ				PNHZ			
	2Q2016	3Q2016	4Q2016	2Q-4Q 2016	2Q2016	3Q2016	4Q2016	2Q-4Q 2016
Revenue	45,415	50,379	46,301	142,095	9,703	7,812	22,726	40,241
Costs, including:	(20,342)	(20,729)	(18,321)	(59,392)	(3,060)	(2,401)	(6,819)	(12,279)
Processing	(13,786)	(14,164)	(11,997)	(39,947)	(2,197)	(1,675)	(4,742)	(8,614)
Additives	(85)	(187)	(320)	(591)	(88)	(126)	(301)	(515)
Excise tax	(879)	(799)	(1,095)	(2,773)	(432)	(328)	(1,019)	(1,778)
Export customs duty	(3,781)	(3,659)	(3,327)	(10,768)	-	-	-	-
Selling and transportation expenses	(293)	(343)	(364)	(1,000)	(59)	(46)	(173)	(278)
KMG RM commission fee	(1,518)	(1,577)	(1,218)	(4,313)	(284)	(226)	(584)	(1,094)
<b>Net revenue</b>	<b>25,073</b>	<b>29,650</b>	<b>27,980</b>	<b>82,703</b>	<b>6,643</b>	<b>5,411</b>	<b>15,907</b>	<b>27,962</b>
Total volume of crude oil processed and sold, th. tonnes	675.0	697.9	579.2	1,952.1	140.8	108,1	291.5	540.4
<b>Net revenue, KZT/tonne of crude oil</b>	<b>37,145</b>	<b>42,485</b>	<b>48,308</b>	<b>42,366</b>	<b>47,180</b>	<b>50,065</b>	<b>54,569</b>	<b>51,743</b>



## Net revenue from refined oil products in 4Q 2016

- In 4Q 2016 net revenue from sale of refined oil products net of all the expenses related to sale<sup>7</sup> was 48,308 and 54,569 Tenge/tonne at ANPZ and PNHZ, respectively;
- 598,000 and 321,453 tonnes of oil were refined on ANPZ and PNHZ, respectively, in 4Q 2016;
- Oil products produced at PNHZ were sold only to the domestic market in April – December 2016.

### Notes:

1 As a percentage of total crude oil refined;

2 As a percentage of total oil products sold;

3 Weighted average prices excluding VAT of 12%;

4 Retail prices of Petrol (80) are regulated by the government;

5 Realised price adjusted for losses;

6 Includes processing fees, KGM RM fees, excise tax and export duty;

7 Except cost of production of crude oil and oil transportation expenses to the refineries.

8 Benzol sales from refined oil products at ANPZ

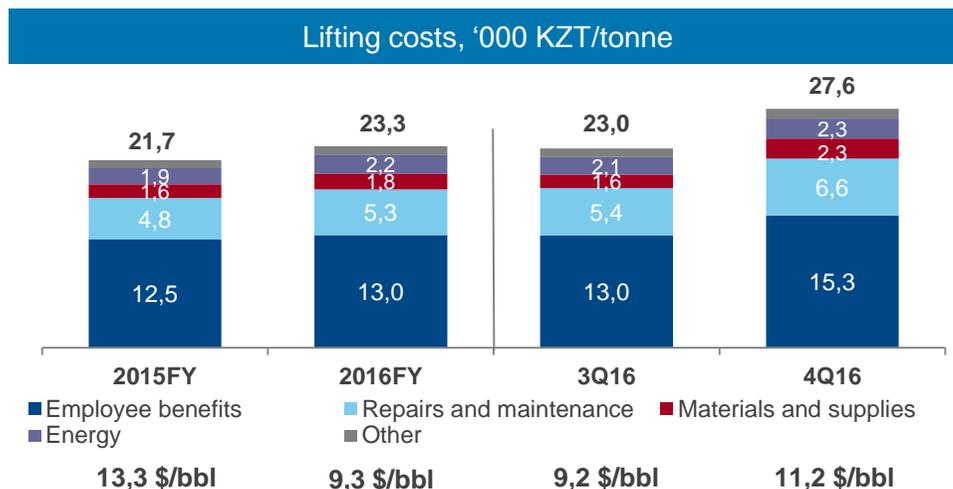
9 Includes both summer and winter diesel

### Sales of oil products in 4Q 2016

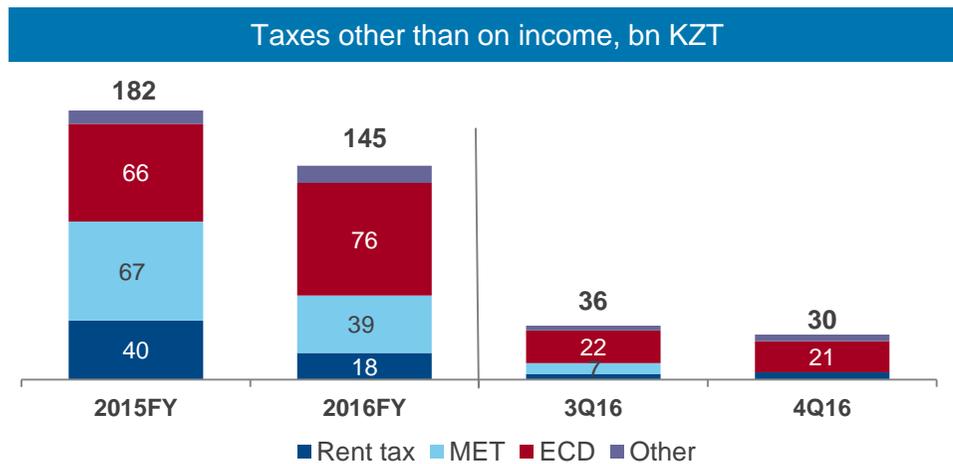
Oil products	ANPZ			PNHZ		
	Output <sup>1</sup> %	Sales <sup>2</sup> %	Price <sup>3</sup> KZT'000/ton	Output <sup>1</sup> %	Sales <sup>2</sup> %	Price <sup>3</sup> KZT'000/ton
Petrol Normal AI-98	0.0%	0,1%	149,1	0.0%	0.0%	na
Petrol Normal AI-80 <sup>4</sup>	1.4%	1,5%	86,9	3,5%	4,7%	86,9
Petrol Regular AI-92	10.3%	10,8%	126,6	18,4%	22,2%	131,4
Petrol Premium AI-95	1.2%	1,8%	134,9	0,7%	1,0%	136,8
Diesel <sup>9</sup>	25.9%	27,5%	111,7	31,7%	39,0%	110,0
Jet fuel	0.6%	0,8%	132,1	0,0%	0,0%	na
<b>Total light oil products</b>	<b>39.3%</b>	<b>42,6%</b>	<b>116,1</b>	<b>54,3%</b>	<b>66,9%</b>	<b>115,9</b>
Vacuum gasoil	16.6%	17,6%	79,9	3,6%	4,1%	35,7
Mazut	32.5%	33,6%	53,8	15,9%	22,4%	28,0
Bitum	0.0%	0,0%	na	1,5%	1,8%	54,1
<b>Total heavy oil products</b>	<b>49.1%</b>	<b>51,2%</b>	<b>63,1</b>	<b>21,0%</b>	<b>28,3%</b>	<b>30,8</b>
Liquified gas	1.2%	1,3%	23,1	3,9%	4,7%	23,1
Furnace oil	1.6%	1,9%	80,2	0,0%	0,0%	na
Sulfur	0.1%	0,1%	10,2	0,6%	0,0%	na
Coke calcinated	1,5%	1,6%	55,3	0,0%	0,0%	na
Coke crude	0,9%	0,9%	22,4	4,0%	0,1%	13,4
Other <sup>8</sup>	0,2%	0,3%	176,5	5,5%	0,0%	na
<b>Total other oil products</b>	<b>5,5%</b>	<b>6,2%</b>	<b>55,1</b>	<b>14,0%</b>	<b>4,8%</b>	<b>22,9</b>
Losses	6,0%	na	na	10,7%		na
<b>Total realised price</b>	<b>100,0%</b>	<b>100,0%</b>	<b>85,2</b>	<b>100,0%</b>	<b>100,0%</b>	<b>87,3</b>
Realised price per tonn of oil <sup>5</sup>			80.1			78.0
Fees, expenses and taxes <sup>6</sup>			(31.7)			(23.4)
<b>Net revenue per tonne of crude oil<sup>7</sup></b>			<b>48.3</b>			<b>54.6</b>



## Lifting costs and taxes other than on income



- Higher repairs and maintenance expenses YoY due to an increased hydrofracturing of wells.
- Energy expenses are up YoY due to the increase in tariffs of energy suppliers.
- Employee benefits are up due to 7% salary indexation of production unit's personnel.



- The MET decline due to the effect from reduced MET rate for the OMG fields in the amount of 15bn Tenge. Additional 6.6bn Tenge reversal of MET liabilities for 2012 and 6.1bn Tenge reduction in MET due to the positive ruling of the Company's 2009-2012 tax audit appeal.
- The rent tax decline YoY due to a decrease of the average Brent price by 17%, which resulted in the rent tax rate being 0% in 1Q16 and 7% in 2Q-4Q16 (2015: 11%).
- KMG EP filed a rent tax return that reduced its amount paid for the rent tax by 11.7bn Tenge in 2016.
- Average ECD rate in 2016 at US\$39 per tonne of crude oil compared to US\$66 per tonne of crude oil in 2015.



## Positive tax developments

Tax issue	Amount, bn Tenge	Effect on Financial Statement	Status
Tax audit for 2006 – 2008	7.7 bn Tenge	Income statement, Cash flow statement	4.1bn Tenge decrease of the tax charge based on the Supreme ruling August 2016. 3.6bn Tenge reduction of the administrative fine based on the decision of Administrative Court of Astana in October 2016.
MET rate reduction for 2016	15.0 bn Tenge*	Income statement	Temporary reduction of MET rate from 13% to 9% for 2016 in September 2016. The effect of this reduction for 2016 was 15bn Tenge according to the Company's estimates.
VAT recoverability	24.6 bn Tenge	Income statement, Cash flow statement	Received 24.6bn Tenge refund on VAT in October 2016 following an application for 57.4bn Tenge. Working on the recoverability of the remaining amount.
Rent tax reduction	11.7 bn Tenge	Income statement	Decrease in the amount paid for the rent tax by 6.3bn Tenge in 3Q2016 and by 5.4bn Tenge in 4Q2016 due to recovery of prior years' payments in 2012-2015.
Tax audit for 2009 – 2012	18.8 bn Tenge	Income statement	Reduction in CIT by 1.1bn Tenge, EPT by 1.9bn Tenge, MET by 6.1bn Tenge, fines and penalties by 9.6bn Tenge following the positive ruling of the Company's 2009-2012 tax audit appeal by the State Revenue Committee of the Ministry of Finance of RoK.
MET accruals for 2012	6.6 bn Tenge	Income statement	The MET liabilities were reversed as the result of applying MET rates for 2012 for OMG and EMG, corresponding to the production volume of each company.
<b>TOTAL</b>	<b>84.4 bn Tenge</b>		

\* Based on the 2016 results OMG is expecting a taxable loss in its 2016 tax filing



## Share of JV's loss in 2016FY at 12.6bn Tenge

2016FY		KGM	PKI	UGL	Total
Net income/(loss), 100%	US\$m	50	(38)	(9)	na
KMG EP share in net income/(loss)	KZT bn	8.5	(4.2)	(1.6)	na
	US\$m	25	(12)	(5)	na
Less/Add: PPP and other adjustments	KZT bn	(4.2)	(11.1)	0	na
	US\$m	(12)	(32)	0	na
Reported share of JV income	KZT bn	4.3	(15.3)	(1.6)	<b>(12.6)</b>
	US\$m	13	(45)	(5)	<b>(37)</b>

- In 2016FY KMG EP recognized a loss of 12.6bn Tenge (US\$37m) as a share of JV results compared with loss of 20.1bn Tenge (US\$90m) in 2015FY.
- Share of JV's loss in 2016FY at 12.6bn Tenge was mainly due to a decline in Brent price, domestic prices and a decrease in sales volumes, resulting from lower production levels.



## JV's income in 2016FY down mainly due to lower Brent price

### KGM key figures (100%)

	2015FY	2016FY	YoY, %
Revenue, \$m	628	455	-28%
Net income, \$m	36	50	39%
Capex, \$m	68	30	-56%
Effective income tax rate, %	86%	54%	-32pp
Export sales (in tonnes), %	30%	30%	0pp

- Lower operating expenses and income tax expenses in 2016FY compared to 2015FY;

Revenue YoY declined due to:

- A decrease in export and total sales as a result of lower production by 2% YoY;
- Brent price declined by ~17% YoY;
- Lower domestic prices.

### PKI key figures (100%)

	2015FY	2016FY	YoY, %
Revenue, \$m	985	682	-31%
Net income/(loss), \$m	(194)	(38)	-81%
Capex, \$m	147	53	-64%
Effective income tax rate, %	+100%	+100%	Na
Export sales (in tonnes), %	35%	35%	0pp

- In 4Q2016 PKI recognized an impairment of its 100% subsidiary PetroKazakhstan Kumkol Resources JSC assets for US\$83m;

- In 2015 PKI reported US\$37m of fines and penalties on several issues;

Revenue YoY declined due to:

- A decrease in sales volume as a result of lower production by 15% YoY;
- Brent price decline by ~17% YoY;
- Lower domestic prices.



## Financial summary (in KZT bn)

<i>KZT bn unless stated otherwise</i>	1Q2015	2Q2015	3Q2015	4Q15	2015	1Q2016	2Q2016	3Q2016	4Q2016	2016
Production at Core assets (th. tonnes)	2,021	2,086	2,112	2,114	<b>8,333</b>	2,089	2,097	2,117	2,084	<b>8,387</b>
Revenue	117	124	108	181	<b>530</b>	121	192	201	213	<b>727</b>
Total operating expenses	(137)	(119)	(143)	(152)	<b>(552)</b>	(126)	(153)	(150)	(140)	<b>(569)</b>
Operating profit / (loss)	(21)	5	(35)	29	<b>(22)</b>	(5)	39	52	72	<b>159</b>
Other non-operating income/expense <sup>(4)</sup>	0	0	0	(47)	<b>(47)</b>	0	(7)	20	(2)	<b>11</b>
Finance (expense) income	22	6	235	197	<b>460</b>	20	(7)	(2)	(1)	<b>11</b>
including foreign exchange gain (loss)	17	2	243	187	<b>449</b>	13	(12)	(9)	(6)	<b>(13)</b>
Share of results of associates and JVs	5	(3)	(5)	(17)	<b>(20)</b>	(4)	(3)	(1)	(5)	<b>(13)</b>
Income tax (expense) including EPT	(4)	(7)	(60)	(56)	<b>(128)</b>	(11)	(7)	(10)	(9)	<b>(37)</b>
Effective income tax rate <sup>(1)</sup>	321%	65%	30%	31%	<b>33%</b>	71%	25%	15%	13%	<b>20%</b>
Effective all taxes rate <sup>(2)</sup>	106%	91%	44%	46%	<b>54%</b>	91%	73%	44%	39%	<b>56%</b>
Profit/(loss) for the period	2	1	135	106	<b>244</b>	0.9	16	58	56	<b>132</b>
Net cash flows from operations	(27)	27	(15)	(55)	<b>(70)</b>	(31)	35	103	51	<b>159</b>
Capex (from Cash Flow Statement) <sup>(3)</sup>	(23)	(22)	(29)	(16)	<b>(90)</b>	(33)	(17)	(19)	(36)	<b>(105)</b>
<i>Brent, US\$/bbl</i>	53.9	61.9	50.5	43.8	<b>52.4</b>	33.9	45.6	45.9	49.3	<b>43.7</b>
<i>Average exchange rate</i>	184.6	185.9	216.9	300.4	<b>222.3</b>	355.1	335.6	341.3	335.1	<b>341.8</b>

(1) Calculated as income tax expense divided by profit before tax net of share in income of associates and JVs

(2) Calculated as all taxes and export customs duty (ECD) divided by profit before all taxes, ECD and share in income of associates and JVs

(3) Capital Expenditure per Cash Flow Statement represent purchases of Property, Plant and Equipment ("PPE") and intangible assets ("IA"), adjusted for the changes in related working capital accounts, such as advances prepaid and accounts payable for PPE and IA

(4) Including loss on disposal of fixed assets and allowance for VAT recoverable



## Financial summary (in USD mn\*)

US\$m unless otherwise indicated	1Q 2015	2Q 2015	3Q 2015	4Q15	2015	1Q2016	2Q2016	3Q2016	4Q2016	2016
Production at Core assets (kbopd)	166	169	169	169	<b>168</b>	169	170	169	167	<b>169</b>
Revenue	632	669	482	601	<b>2,384</b>	341	566	589	631	<b>2,128</b>
Total operating expenses	(745)	(642)	(653)	(442)	<b>(2,481)</b>	(354)	(452)	(439)	(419)	<b>(1,663)</b>
Operating profit / (loss)	(112)	27	(171)	158	<b>(98)</b>	(13)	114	150	213	<b>464</b>
Other non-operating income/expense <sup>(4)</sup>	0	0	0	(211)	<b>(211)</b>	0	(21)	58	(4)	<b>33</b>
Finance (expense) income	120	33	1,190	726	<b>2,070</b>	57	(17)	(5)	(2)	<b>33</b>
including foreign exchange gain (loss)	92	8	1,235	684	<b>2,020</b>	37	(33)	(25)	(17)	<b>(38)</b>
Share of results of associates and JVs	25	(14)	(28)	(72)	<b>(90)</b>	(10)	(9)	(3)	(15)	<b>(37)</b>
Income tax (expense) including EPT	(23)	(39)	(303)	(208)	<b>(574)</b>	(31)	(20)	(30)	(27)	<b>(108)</b>
Effective income tax rate <sup>(1)</sup>	321%	65%	30%	31%	<b>33%</b>	71%	25%	15%	13%	<b>20%</b>
Effective all taxes rate <sup>(2)</sup>	106%	91%	44%	46%	<b>54%</b>	91%	73%	44%	39%	<b>56%</b>
Profit/(loss) for the period	9	7	688	393	<b>1,096</b>	3	47	170	165	<b>385</b>
Net cash flows from operations	(148)	148	(77)	(240)	<b>(316)</b>	(87)	100	301	152	<b>466</b>
Capex (from Cash Flow Statement) <sup>(3)</sup>	(123)	(118)	(136)	(28)	<b>(405)</b>	(92)	(53)	(55)	(107)	<b>(306)</b>
Brent, US\$/bbl	53.9	61.9	50.5	43.8	<b>52.4</b>	33.9	45.6	45,9	49,3	<b>43,7</b>
Average exchange rate	184.6	185.9	216.9	300.4	<b>222.3</b>	355.11	335.6	341,3	335,1	<b>341,8</b>

\* Quarterly results in US\$ terms are calculated as the difference in US\$ amounts between 6M and 3M for 2Q, 9M and 6M for 3Q and 12M and 9M for 4Q

(1) Calculated as income tax expense divided by profit before tax net of share in income of associates and JVs

(2) Calculated as all taxes and export customs duty (ECD) divided by profit before all taxes, ECD and share in income of associates and JVs

(3) Capital Expenditure per Cash Flow Statement represent purchases of Property, Plant and Equipment ('PPE') and intangible assets ('IA'), adjusted for the changes in related working capital accounts, such as advances prepaid and accounts payable for PPE and IA

(4) Including loss on disposal of fixed assets and allowance for VAT recoverable



## Summary of JV's financial results

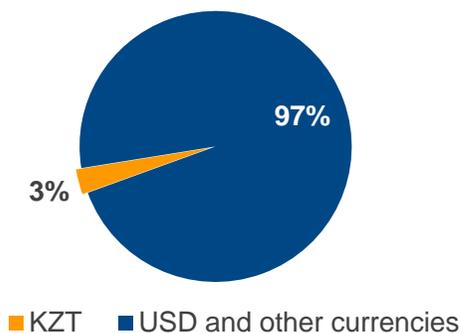
US\$m	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
<b>Kazgermunai, 100%</b>										
Revenue	189	186	141	112	<b>628</b>	91	93	144	128	<b>455</b>
Operating expenses	(121)	(117)	(80)	(81)	<b>(399)</b>	(76)	(72)	(96)	(96)	<b>(340)</b>
Income taxes	(8)	(50)	(46)	(115)	<b>(219)</b>	(7)	4	(33)	(23)	<b>(58)</b>
Profit for the period	61	17	5	(48)	<b>36</b>	9	18	15	8	<b>50</b>
Capex*	2	18	20	28	<b>68</b>	5	8	7	10	<b>30</b>
<b>CCEL, 100%</b>										
Revenue	151	179	140	100	<b>569</b>	121	149	139	155	<b>565</b>
Operating expenses	(202)	(159)	(239)	(163)	<b>(763)</b>	(119)	(104)	(126)	(139)	<b>(488)</b>
Income taxes	(1)	15	(1)	(21)	<b>(8)</b>	0	6	0	(11)	<b>(5)</b>
Profit/(loss) for the period	(59)	28	(107)	(93)	<b>(230)</b>	(2)	46	8	9	<b>61</b>
Capex*	26	13	7	1	<b>48</b>	6	4	4	11	<b>26</b>
<b>Petrokazakhstan Inc. , 100%</b>										
Revenue	286	293	236	170	<b>985</b>	140	160	185	197	<b>682</b>
Operating expenses	(268)	(285)	(236)	(225)	<b>(1,013)</b>	(153)	(138)	(160)	(222)	<b>(673)</b>
Income taxes	(31)	(8)	(58)	(28)	<b>(125)</b>	13	(25)	(17)	2	<b>(27)</b>
Profit/(loss) for the period	(20)	(16)	(66)	(93)	<b>(194)</b>	(9)	(16)	6	(18)	<b>(38)</b>
Capex*	18	39	25	65	<b>147</b>	7	12	14	20	<b>53</b>

\* Capital expenditure represents actual additions to property, plant and equipment and intangible assets.

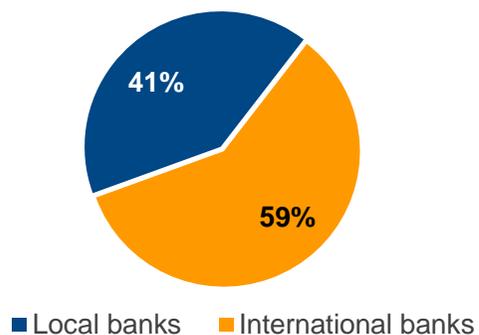


# Cash and financial assets US\$3.5bn as at 31/12/2016

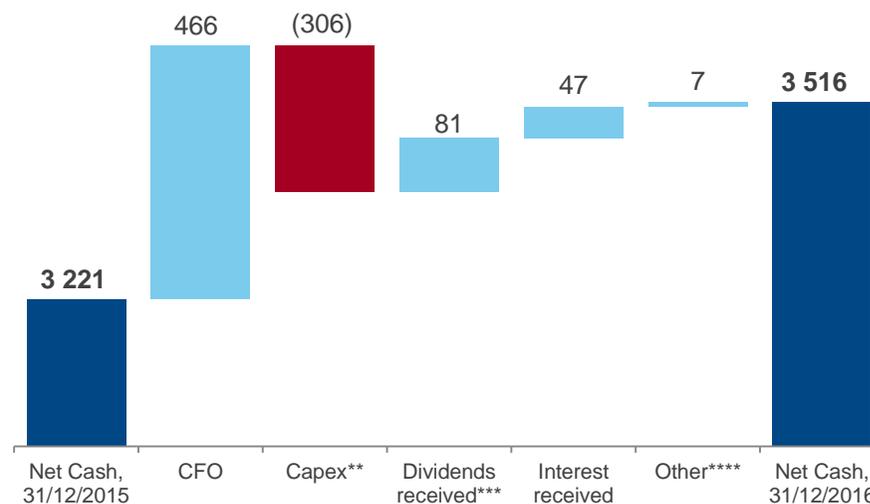
## Cash and financial assets by currency as at 31/12/2016



## Cash and financial assets by banks as at 31/12/2016



## Net Cash\* of US\$3,516mn as at 31/12/2016



\* Cash and financial assets less borrowings of US\$28m

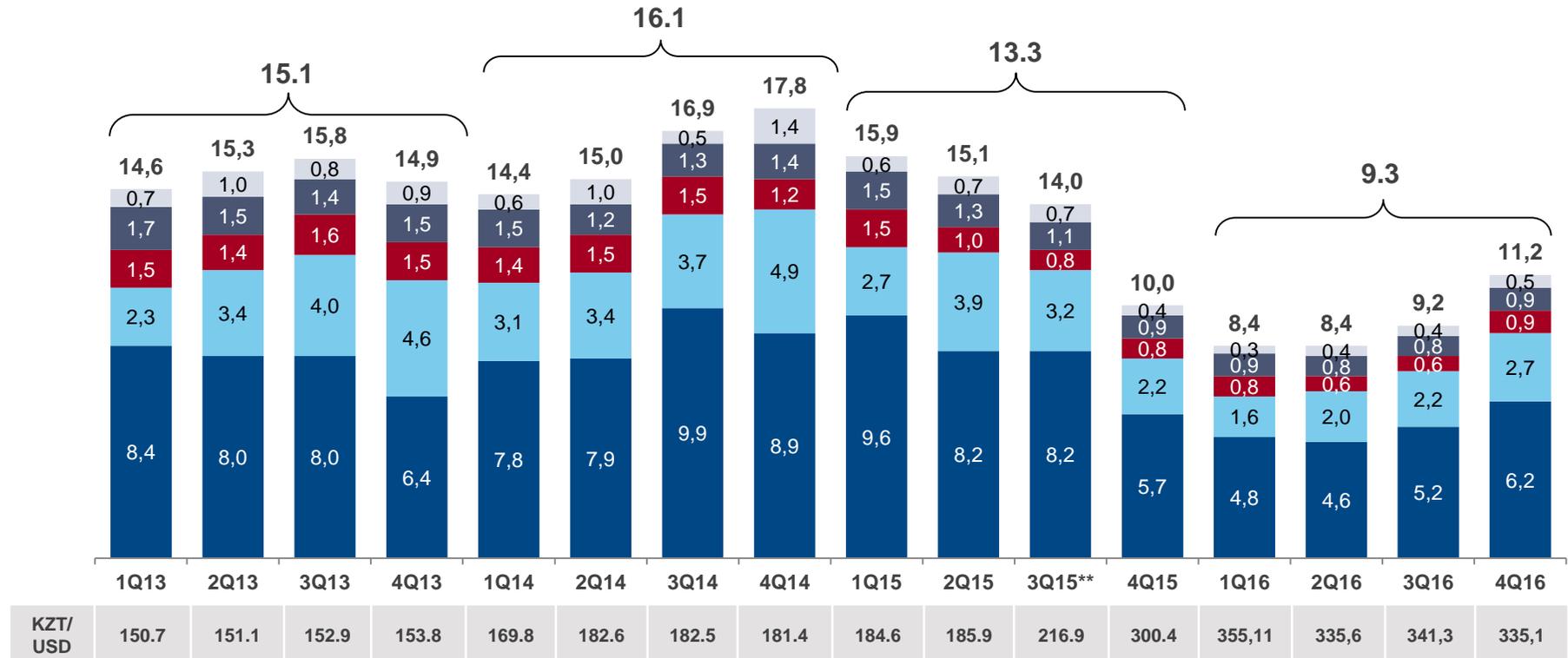
\*\* Capital Expenditure per Cash Flow Statement represent purchases of Property, Plant and Equipment ('PPE') and intangible assets ('IA'), adjusted for the changes in related working capital accounts, such as advances prepaid and accounts payable for PPE and IA

\*\*\* Dividends received include dividends from KGM

\*\*\*\* Other includes other cash flow from investing and financing activities



# Lifting costs\*, OMG and EMG, \$/bbl



■ Employee benefits    ■ Repairs & maintenance    ■ Materials    ■ Energy    ■ Other

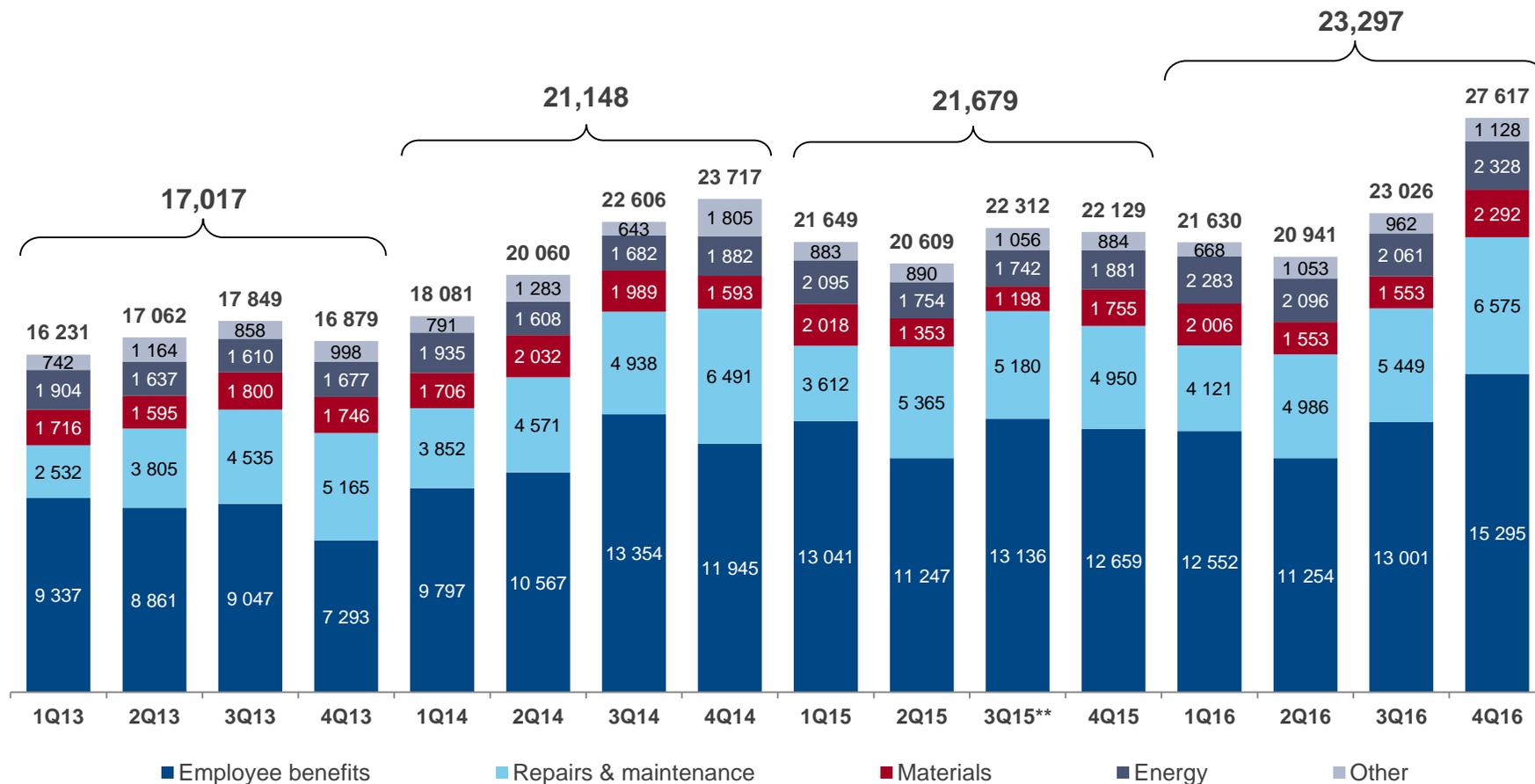
\* Lifting cost per barrel is calculated as production costs of OMG and EMG, including materials and supplies, production payroll, repairs and maintenance, and other production expenses. DD&A, taxes and contractual social obligations are excluded from lifting costs calculations. The methodology of lifting costs calculation was revised after reorganization of production branches into JSC OMG and JSC EMG in 2012. The Company excluded expenses not directly related to production from the calculation of lifting costs such as head-office and other administrative expenses.

Starting from 2014 the Company has revised its approach on lifting costs calculation by excluding actuarial costs, obligatory professional pension deductions and other expenses not directly related to the production process. The lifting costs starting from 1Q2014 have been restated accordingly.

\*\* In 3Q 2015 production services were reclassified from 'other expenses' to 'repairs and maintenance' to match the presentation of lifting costs in other periods.



# Lifting costs\*, OMG and EMG, KZT/tonne



\* Lifting cost per barrel is calculated as production costs of OMG and EMG, including materials and supplies, production payroll, repairs and maintenance, and other production expenses. DD&A, taxes and contractual social obligations are excluded from lifting costs calculations. The methodology of lifting costs calculation was revised after reorganization of production branches into JSC OMG and JSC EMG in 2012. The Company excluded expenses not directly related to production from the calculation of lifting costs such as head-office and other administrative expenses.

Starting from 2014 the Company has revised its approach on lifting costs calculation by excluding actuarial costs, obligatory professional pension deductions and other expenses not directly related to the production process. The lifting costs starting from 1Q2014 have been restated accordingly.

\*\* In 3Q 2015 production services were reclassified from 'other expenses' to 'repairs and maintenance' to match the presentation of lifting costs in other periods.



## Refined oil products: prices in October – December 2016

Oil products	ANPZ			PNHZ		
	October	November	December	October	November	December
	KZT'000/ton	KZT'000/ton	KZT'000/ton	KZT'000/ton	KZT'000/ton	KZT'000/ton
Petrol Normal AI-98	Na	Na	149,1	Na	Na	Na
Petrol Normal AI-80	86,9	86,9	86,9	86,9	86,9	86,9
Petrol Regular AI-92	126,6	126,0	127,3	129,5	132,0	132,1
Petrol Premium AI-95	133,9	134,5	135,8	135,7	136,6	137,6
Diesel	109,4	112,3	113,2	109,4	110,8	109,8
Jet fuel	131,3	132,2	133,9	Na	Na	Na
<b>Total light oil products</b>	<b>114,6</b>	<b>116,1</b>	<b>117,5</b>	<b>113,4</b>	<b>115,6</b>	<b>118,2</b>
Vacuum gasoil	84,6	68,2	87,2	Na	35,7	na
Mazut	58,6	47,4	56,8	28,3	28,0	27,7
Bitum	Na	Na	Na	54,1	Na	Na
<b>Total dark oil products</b>	<b>67,0</b>	<b>54,2</b>	<b>68,2</b>	<b>32,6</b>	<b>31,8</b>	<b>27,7</b>
Liquid gas	23,1	23,1	23,1	23,1	23,1	23,1
Furnace oil	65,2	75,9	95,3	Na	Na	Na
Sulfur	Na	10,2	10,2	Na	Na	Na
Coke calcinated	55,2	55,6	55,1	Na	Na	Na
Coke crude	22,2	22,6	22,4	Na	Na	13,4
Other	Na	179,6	174,9	Na	Na	Na
<b>Total other oil products</b>	<b>46,2</b>	<b>53,1</b>	<b>65,9</b>	<b>23,1</b>	<b>23,1</b>	<b>22,7</b>
<b>Total realised price</b>	<b>87,9</b>	<b>78,8</b>	<b>89,0</b>	<b>82,9</b>	<b>90,6</b>	<b>88,2</b>



## Reference Information

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### Share information, 31/12/2016

	Total	Treasury
Number of ordinary shares	70,220,935	3,912,028
Number of preferred shares	4,136,107	2,073,147
GDRs per one ordinary share		6

### Tickers

LSE	KMG	Reuters	KMGq.L
KASE	RDGZ	Bloomberg	KMG LI

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Phone: +7 (7172) 975433



# Abbreviations list

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ANPZ – Atyrau Refinery  
PNHZ – Pavlodar Refinery  
RoK – The Republic of Kazakhstan  
bbl – barrel  
mmbbl – million barrels  
bn bbl – billion barrels  
bopd – barrels per day  
EGM – Extraordinary General Meeting of shareholders  
kbopd – thousand barrels per day  
US\$ m – million US dollars  
US\$ bn – billion US dollars  
KZT bn – billion Tenge  
CFS – Cash Flow Statement  
NC KMG – National Company KazMunaiGas JSC  
KMG EP – KazMunaiGas Exploration Production JSC  
KMG RM – KazMunaiGas Refinery Marketing JSC  
OMG – JSC OzenMunaiGas  
EMG – JSC EmbaMunaiGas  
KGM – JV Kazgermunai LLP  
CCEL – CITIC Canada Energy Limited (holds 94% in JSC Karazhanbasmunai)  
PKI – KMG PKI Finance BV (holds 33% in PetroKazakhstan Inc.)  
UGL – Ural Group Limited  
CIT – Corporate Income Tax  
EPT – Excess Profit Tax  
MET – Mineral Extraction Tax  
ECD – Export Customs Duty  
Conversion factors: OMG, EMG production -7.36 bbl/ton, sales -7.23 bbl/ton; KGM - 7.7; KBM - 6.68; PKI – 7.75; others - 7.33

