



FINANCIAL OVERVIEW

DEAR INVESTORS, SHAREHOLDERS, COLLEAGUES AND PARTNERS,

In 2020, we all witnessed dramatic changes in the modern world. The usual way of life has changed. Economic well-being and physical health have been severely tested by the pandemic. Falling oil prices, reduced oil production under the OPEC+ agreement and lower demand for oil products were the main external factors that weakened the Company's financial performance this year.

Maintaining the financial stability of the Company was one of the key objectives of KMG's crisis response strategy for 2020 and 2021. The results for the year showed that we were able to significantly mitigate the impact of the economic crisis, maintain our financial stability, and ensure sufficient conditions for our development in the long term.

Two factors have contributed to this. Firstly, over the past few years we have implemented a number of measures to improve the Company's financial position, making it prepared for possible economic crises. Secondly, we successfully implemented the crisis response strategy for 2020 and achieved better financial results than we had predicted at the start of the pandemic.

We reduced our debt from USD 16 bln in 2017 to USD 10.3 bln in 2020, including oil prepayment obligations. In 2020, we were able not only to keep our consolidated debt at the same level as last year, but even reduce it by USD 341 mln. The schedule of large repayments on the Company's Eurobonds was smoothed out this year, with the next large lump-sum repayment scheduled for as far in the future as 2025 as a result.

Optimisation of planned CAPEX and OPEX resulted in free cash flow of USD 213 mln, while at the start of the pandemic, it was expected to be negative. We also ensured that our subsidiaries operated without cash gaps.

In confirmation of our financial stability, we were able to maintain our credit ratings from Moody's, Fitch and S&P this year. We will continue our crisis response efforts in 2021 while staying committed to the Company's strategic priorities, keeping abreast of global developments as well as the domestic situation.

Dauren Karabayev,

Deputy Chairman of the Management Board
for Economics and Finance
of JSC NC KazMunayGas