

STATEMENT FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



The company was able to ensure the positive stability of its production activities 

DEAR SHAREHOLDERS, INVESTORS AND PARTNERS

In 2024, the Company maintained operational stability and implemented significant initiatives to advance its breakthrough projects, adhering to the strategic direction as Kazakhstan's national oil and gas operator. During the reporting year, oil and gas condensate production, including KMG's shares in joint ventures and associates, rose by 1.3% year-on-year, reaching 23.8 mln tonnes. The total oil pipeline and sea transportation volume grew by 3.9% to 83.5 mln tonnes. Our refineries in Kazakhstan and Romania cumulatively processed 19.2 mln tonnes of hydrocarbons.

In 2024, we observed a slight decline in the average global price of Brent and KEBCO crude oil by 2.3% and 1.2%, respectively. Despite this, key financial indicators showed predominantly positive trends. For instance, net profit increased by 18.1% to KZT 1,094 bln, while free cash flow rose by 21.8% to KZT 1,199 bln. In June 2024, for the second consecutive year the Company paid a record high dividend of KZT 300 bln, or KZT 491.71 per ordinary share, to shareholders.

Exploration

Given the significant share of mature fields in the Company's portfolio of operating oil assets, KMG is actively developing exploration projects independently and in collaboration with international partners.

At the end of May 2024, we started drilling an exploration well with a target depth of 5,500 m at the Turgai Palaeozoic block, Kyzylorda Region. In late November, the Company began drilling an exploration well at the Karaton Subsalt project in Atyrau region run in partnership with Tatneft, also targeting a depth of 5,500 m. An exploration and production contract for the Karazhar project in the Aktobe Region was secured, and drilling of a 3,000 m exploration well started in December. Apart from that, in December, we commenced drilling at the Taisoigan project in Atyrau region, where eight independent exploration wells with depths ranging from 400 to 3,800 m are planned as part of the first exploration phase. Drilling and testing of these wells are scheduled for completion in 2025.



ASKHAT KHASENOV

Chairman of the Management Board

USD 6.4 bln
cost of the Kalamkas Sea project

We are making progress on the Kalamkas Sea major exploration project worth USD 6.4 bln, currently in the FEED (Front End Engineering Design) phase with design documents being developed. KMG implements this project, located in Kazakhstan's part of the Caspian Sea, jointly with LUKOIL. The expected annual peak production will be 4 mln tonnes of oil or around 80 thous. bbl per day.

As part of the Subsoil Exploration investment project, seismic surveys, processing, and interpretation were completed for the Northern Ozen, Zharkyn, Bolashak (Mangystau region) and Berezovsky blocks (West Kazakhstan region), with plans to secure contracts and attract strategic partners in place and a strategic partner for the Bolashak block determined.

Hydrocarbon production

In the reporting year, production grew by 1.3% to 23.8 mln tonnes. The sizable contributions to this year-on-year growth came from the Dunga field acquisition in late 2023, rise in production by 221 thous. tonnes at Ozenmunaigas and an increase at the Urikhtau Rozhkovskoe field by 110 thous. tonnes driven by the commissioning of new wells.

1.3 %
growth of hydrocarbon production in 2024

A major investment project at the Tengiz field is nearing completion. In April 2024, KMG started to commission the Wellhead Pressure Management Project facilities, and launched crude oil production at the new Third-Generation Plant as part of the Future Growth Project in January 2025. We are ramping up production in stages to reach the full design capacity of the project, with an expected growth in KMG's share of 2.4 mln tonnes of oil.

Advanced technologies, such as polymer flooding, multistage hydraulic fracturing, radial fracturing, and others, are being actively studied and deployed to raise the oil recovery factor in mature fields. It is expected that these technologies will enable the extraction of more than 60 million tonnes of oil over 25 years, significantly improving the economic efficiency of mature field operations.

Oil transportation

The Company continues to focus on maximising the operating rate of KMG's oil transportation systems and diversifying export routes.

55.7 mln tonnes of oil
transported by the Caspian Pipeline Consortium (CPC) pipeline

In 2024, oil shipments from the Port of Aktau via the Baku–Tbilisi–Ceyhan route went up by 34% to 1.4 mln tonnes. Oil transportation to Germany increased by 50% year-on-year, with about 1.5 mln tonnes transported via the Atyrau–Samara pipeline and further through Transneft's pipelines. The Caspian Pipeline Consortium (CPC) pipeline remains the main export route, transporting 55.7 mln tonnes of Kazakhstan's oil, which accounted for 81% of total exports in 2024.

Refining and marketing

In the reporting year, KMG ensured stable operation of all its four Kazakhstan refineries, providing the domestic market with stable supplies of fuels and lubricants. Petrol production in Kazakhstan increased by 1% to 4.3 mln tonnes, while diesel output rose by 2.1% to 4.4 mln tonnes attributable to KMG.

In 2024, three refineries worked to increase the output of light oil products by 370 thous. tonnes, with plans to further ramp up the output.

1 %
growth of petrol production in 2024

2.1 %
growth of diesel output in 2024

As part of the project to boost the refining capacity of the Shymkent Refinery from 6 to 12 mln tonnes, adjustments to the pre-feasibility study by 2030 have been made, and we are planning to move to the feasibility study stage in 2025. Currently, we are exploring options to expand Caspi Bitum's oil refining capacity from 1 mln tonnes to 1.5 mln tonnes per year, along with the production of 750 thous. tonnes of road bitumen per year. The project is slated for completion in 2025.

Petrochemicals

Leveraging our access to cost-effective raw materials and responding to projected growth in global petrochemical demand, KMG continues developing its petrochemical business segment, which offers significant multiplier effects for the entire country.

In 2024, final investment decisions were made on interrelated petrochemical projects: construction of a gas separation unit and polyethylene plant. In September 2024, the Company commenced the construction of a 1.25 mtpa polyethylene plant in the special economic zone of the Atyrau Region, with investments rounding some USD 7.4 bln. As of today, engineering preparations have been completed at the sites of pyrolysis and polymerisation units, logistics complex, and continue at off-site facilities.

During the reporting year, the integrated KPI gas chemical complex produced ten product grades totaling 249 thous. tonnes of polypropylene, with 230 thous. tonnes exported to China, Europe, Turkey, and Russia. Domestic market supplies have reduced product imports to 17% compared to 34% in 2023.

In addition to the abovementioned projects, two more are planned to help KMG realise its full potential in the petrochemical sector. The first is the construction of a urea production plant with a capacity of 1 mtpa to supply nitrogen fertilisers for both the domestic and global markets. The second project is a polyethylene terephthalate plant with a capacity of 735 thous. tonnes per year, which will reduce dependence on imports of terephthalic acid and ensure stable supplies to the domestic market.

Ensuring sustainable development

KMG continues strengthening its sustainable development and gradual reduction in carbon intensity of production, supporting global initiatives. The Company is actively advancing renewable energy projects. In July 2024, construction began on a 247 MW hybrid power plant in partnership with Eni. By December, we completed early works on the solar plant site and initiated construction and installation of the main equipment. Full completion of the project is expected by the end of 2026.

As part of the global climate agenda and in support of national carbon neutrality goals, KMG adopted an updated Low Carbon Development Programme until 2060, which aims to reduce CO₂ emissions by 15% by 2031 and 64% by 2060 from 2019 levels. The programme will focus on the following key areas: improving energy efficiency, developing renewable energy sources, monitoring methane emissions, and others.

Importantly, in December 2023, KMG joined the OGMP 2.0 (The Oil & Gas Methane Partnership) initiative for methane emissions reporting, and in May 2024, it submitted its first methane emissions report on the OGMP 2.0 platform.

KMG devotes considerable attention to ensuring safe working conditions and protecting the health of its personnel and the population living in the areas where the Company's production facilities operate. In the reporting year, the number of people injured in work-related accidents and the number of road traffic accidents decreased by 28% and 68%, respectively, compared to the previous year.

KZT 1,995 bln
taxes paid

In 2024, the Company paid KZT 1,995 bln (including joint ventures) as taxes and other mandatory contributions to the country's budget. Additionally, KMG independently implements several socially significant projects, including a multifunctional sports complex in Uralsk with a total area exceeding 20 thous. m² and spectator capacity for 1,200 people. This complex was officially opened in December of the reporting year. The project cost totalled KZT 19.9 bln.

Conclusion

In closing, I extend my sincere gratitude to every contributing employee of our Company and all stakeholders who make constructive contributions to our shared mission. KMG's dedicated team has achieved remarkable results in 2024, and I am confident that even greater accomplishments await us in the future.

Askhat Khassenov

Chairman of the Management Board