EQUITY RESEARCH

bcc invest | КазМунайГаз NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

“NC “KazMunayGas” JSC (KMG)

Financial Results for 6M 2025

KASE Ticker: KMGZ	**12M Target Price:** 19 397₸	**Downside:** -2,8%
AIX Ticker: KMG	**Current Price:** 19 946₸	**Rating:** HOLD

September 2025

On August 21, KazMunayGas (hereinafter referred to as the “Company”) published its financial statements for 6M 2025, which demonstrated improvements in operational and financial performance, despite a decline in net profit compared to 6M 2024.

As a result, we have valued one share at KZT 19 397 with a “Hold” recommendation.

Financial and Operational Results for 6M 2025:

- Compared to 6M 2024, revenue from customer contracts increased by 6,2%, driven by higher oil and gas production volumes and processing volumes, despite a decrease in oil transportation volumes.

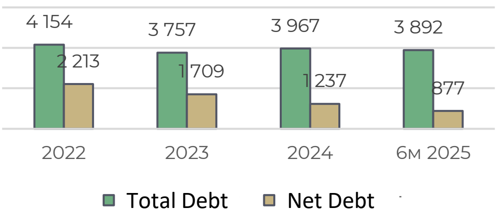
Indicator	6M 2025	6M 2024	Change (%)
Brent Crude Oil	70,2$/ bbl	83,5$/ bbl	-15,9%
Average Exchange Rate	512,08₸/ $	449,00₸/ $	+14,0%

- Net profit decreased by 2,9% due to higher production costs and negative foreign exchange differences.
- KazMunayGas’ oil and gas condensate production in the first half of 2025 amounted to 13 043 thousand tons, up 8,8% compared to the same period last year. Gas production reached 5 726 million m^3 (+18,3%). The growth was driven by increased production at the Tengiz field following the launch of the Third Generation Plant under the Future Growth Project, as well as stable production at Karachaganak. Production at Kashagan declined due to a higher gas factor in the extracted oil.
- Total oil transportation (pipeline and maritime) amounted to 41 616 thousand tons, down 0,3% compared to 1H 2024. The decline was due to reduced maritime shipments following the modernization of the tankers “Taraz” and “Liva” and a decrease in Aframax cargoes in open seas, while pipeline transportation increased due to higher oil deliveries from Tengiz to the CPC system and refinery supplies.
- Oil and condensate sales totaled 13 021 thousand tons (+7,4%), of which 66,2% were exports and 4 404 thousand tons were supplied to the domestic market, including 2 742 thousand tons delivered to ANPZ, PNHZ, and PKOP.
- Hydrocarbon processing at refineries increased by 16,5% to 10 375 thousand tons. Kazakh refineries processed 7 405 thousand tons (+5,0%), while Romanian refineries (Petromidia and Vega) processed 2 969 thousand tons (+60,7%).
- Petroleum product output rose 16,9% to 9 685 thousand tons, including gasoline at 3 023 thousand tons (+22,4%) and diesel at 3 690 thousand tons (+22,6%).
- Domestic petroleum product sales in Kazakhstan amounted to 2 671 thousand tons (+14,8%). Exports fell 26,9% to 269 thousand tons, mainly due to lower sales of other products.
- Polypropylene production at the KPI plant reached 106,8 thousand tons (+62,9%), with sales of 100,4 thousand tons (+63,2%). Domestic sales more than doubled to 9,5 thousand tons, while exports increased to 91 thousand tons, primarily to Turkey and European countries.

Financial Indicators:

billion ₸	6M 2025	6M 2024	Change
Revenue from Customer Contracts	4 500	4 239	+6,2%
Net Profit	534	550	-2,9%
EBITDA	796	727	+9,5%
Capital Expenditures	259	282	-8,2%

Debt Dynamics, bln KZT:



Profitability

	6M 2025	6M 2024
ROA (LTM)	5,9%	5,9%
ROE (LTM)	9,5%	9,7%

Source: Company data, BCC Invest estimates

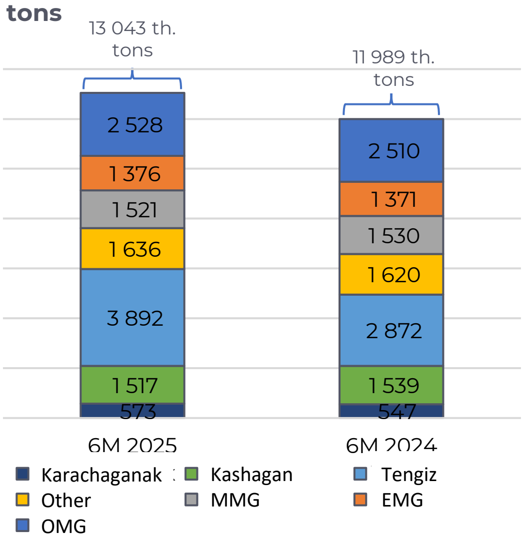
Stakeholders:

“Sovereign Wealth Fund “Samruk-Kazyna” JSC	67,83%
State Institution “Ministry of Finance of the Republic of Kazakhstan”	20,00%
National Bank of the Republic of Kazakhstan	9,58%
Free Float	2,59%

Market Parameters:

Number of Outstanding Shares (pcs) 52-week	610 119 493
Free Float (%)	2,59%
Market Capitalization (bln ₸)	12 229,8
Low / High (₸)	11 490 – 21 000

Chart 1. Oil and Gas Condensate Production (KMG’s share), thousand tons



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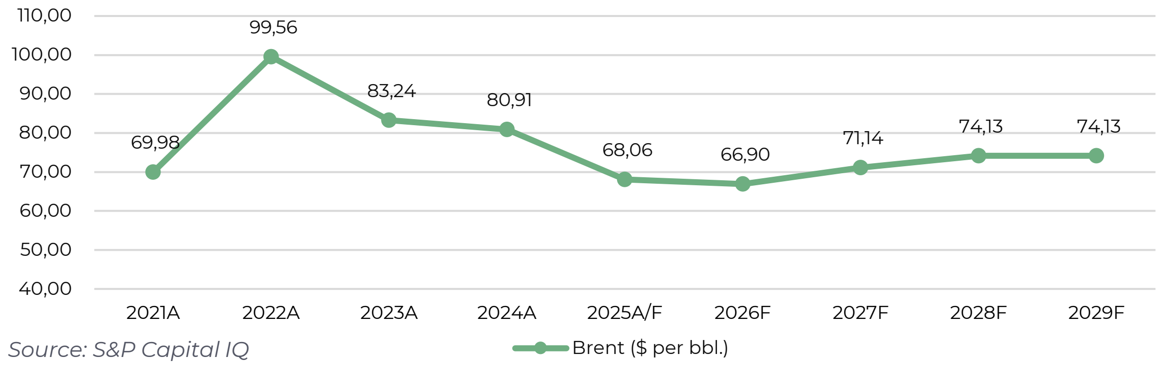
- Total debt decreased by 1,9% from KZT 3 967 bln as of December 31, 2024, to KZT 3 892 bln as of June 30, 2025, as the Company reduced its debt burden amid a 29,1% decline in net debt to KZT 877 bln.
- According to the Bureau of National Statistics, Kazakhstan’s actual oil production in 1H 2025 amounted to 49,8 mln tons (with a full-year target of 97,2 mln tons for 2025). A record production level was achieved in March, reaching 8,95 mln tons, exceeding the OPEC+ quota. Kazakhstan’s OPEC+ quota in 2025 varied by month: in April it was 1,473 mln barrels per day, in May – 1,486 mln barrels per day, and in June the limit was raised to 1,5 mln barrels per day. Thus, the current production level in the country was close to the established limits, with occasional episodes of exceeding them, requiring subsequent adjustments in line with OPEC+ agreements. As for the long-term oil production outlook, the Government plans to increase output from 97,2 mln tons in 2025 to 104,8 mln tons in 2029.
- In June 2025, Standard & Poor’s Global Ratings (S&P) upgraded the Company’s credit rating from BB+ to BBB- with a “Stable” outlook. In the same month, Fitch Ratings affirmed the Company’s credit rating at BBB with a “Stable” outlook. In September 2024, Moody’s Ratings upgraded the Company’s credit rating from Baa2 to Baa1, while changing the outlook to “Stable.”

Chart 2. Average Oil Price (2021–2029)



Source: S&P Capital IQ

Valuation Model Parameters. Despite growth in operating performance and total revenue, net profit declined compared to 1H 2024 due to higher production costs and negative foreign exchange differences. Consensus forecast prices for Brent crude decreased from an average of USD 71,18 per barrel for the period 2025–2029 to USD 70,87 per barrel for the same period (Chart 2).For the calculation of terminal value, consensus forecast data on Kazakhstan’s consumer price index for 2030–2050 were used, with an average rate of 3,85%. However, the reduction in debt burden reflected by a 29,1% decrease in net debt, the update of the discount rate (WACC), the decline in average Brent oil prices according to consensus forecasts, as well as the change in the capital expenditure forecasting methodology, led to a 2,8% decrease in the Company’s share value compared to the current price.

Table 1. Forecast Data

In bln KZT	Forecasts				
	2H 2025	**2026**	**2027**	**2028**	**2029**
NOPAT	558	1 358	1 555	1 653	1 670
Discount Rate	15,54%	15,54%	15,54%	15,54%	15,54%
Discounted Cash Flow	616	1 148	1 106	1 018	899
Total Discounted Cash Flows	4 788				
Terminal Value	8 039				
EV	**12 826**				
Net Debt	877				
Non-controlling Interest	115				
Company Value	**11 834**				
Number of Outstanding Shares, mln	610				
Fair Value per Share, KZT/share	**19 397**				
Current Price, KZT/share	19 946				
Upside/(Downside) Potential	-2,8%				
Recommendation	**Hold**				

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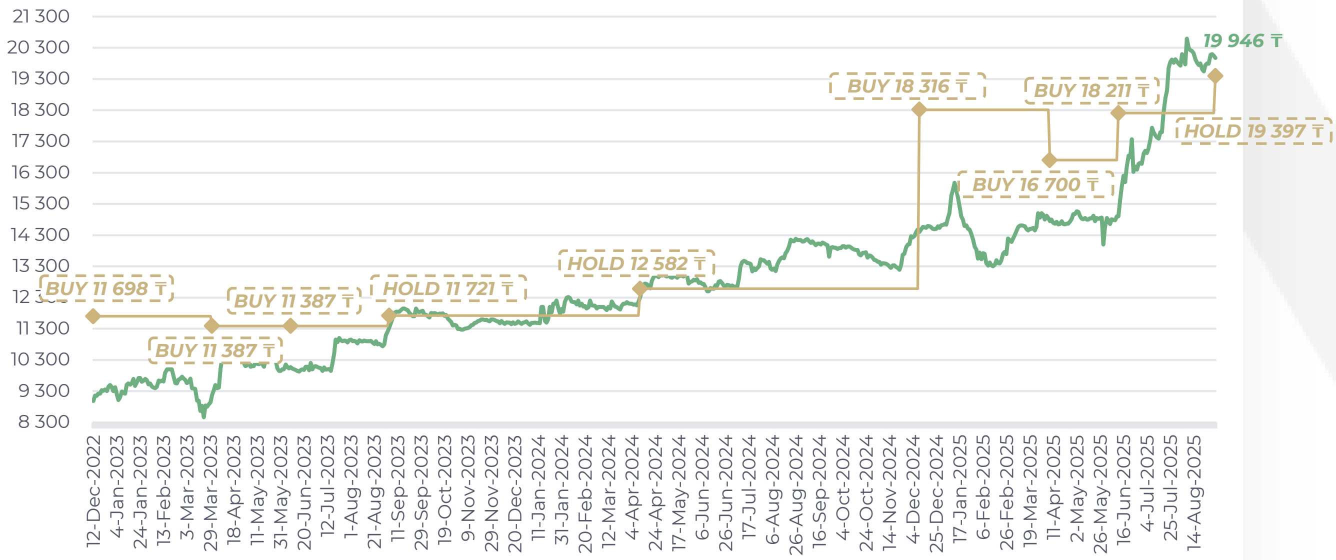
Chart 3. Company Share Price Dynamics and BCC Invest Forecast



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