

**Report on the implementation of the approved tariff estimate and investment program for the provision of services for oil pumping through the Kenkiyak-Kumkol oil pipeline within the domestic market of the Republic of Kazakhstan before consumers and other interested parties for the 1<sup>st</sup> half of 2024**



ҚАЗАҚСТАН-ҚЫТАЙ ҚҰБЫРЫ

**KAZAKHSTAN-  
CHINA PIPELINE**

КАЗАХСТАНСКО-КИТАЙСКИЙ ТРУБОПРОВОД

# The report agenda

## Objectives of the hearing:

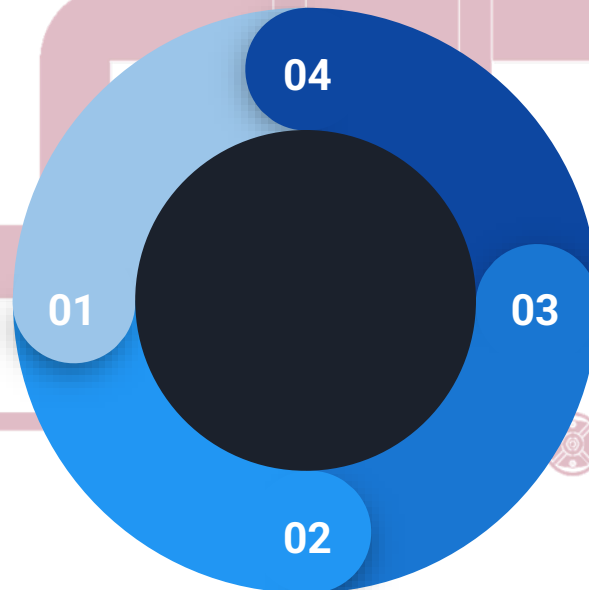
- provision of publicity, awareness;
- observance of the balance of interests of consumers and natural monopolies;
- ensuring transparency of the activities of natural monopolies before consumers and other interested parties.

## Appointment

of the Hearing secretary from the Partnership staff to take minutes

## A speech

of the first director in accordance with the annual report procedure



## Summarization

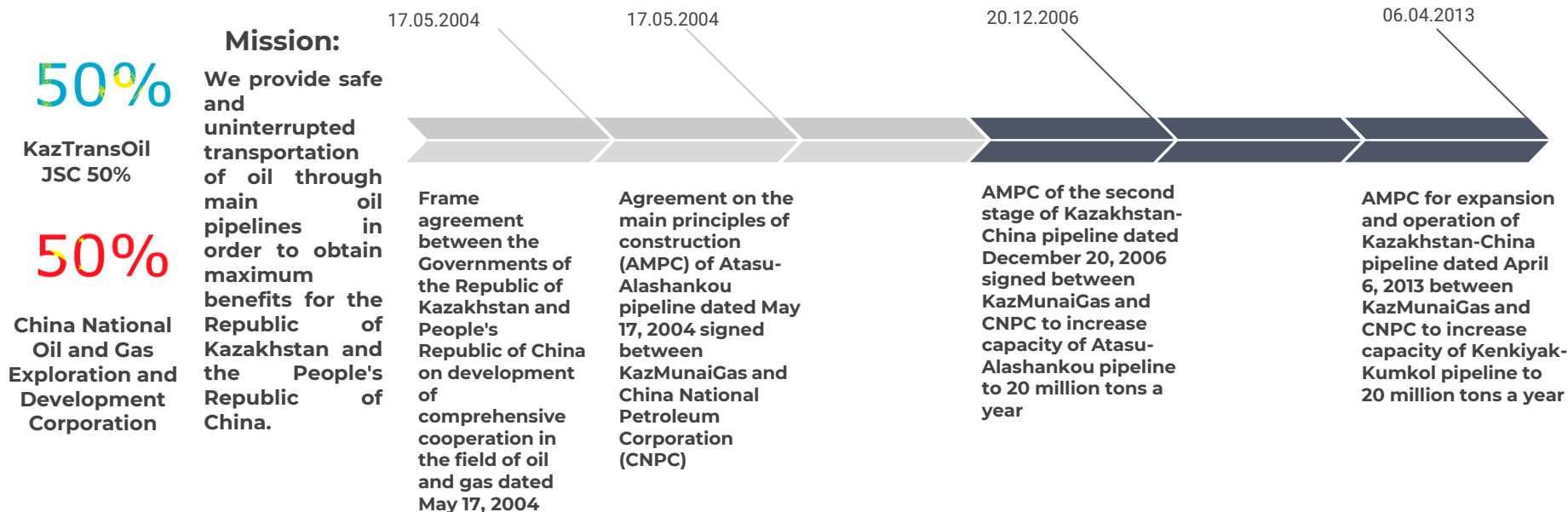
and closing of the Hearing

## Questions and opinions

of the Hearing participants with attachment of a written speech to the protocol

# General information

Kazakhstan-China Pipeline LLP was established on July 6, 2004 and operates within the framework of:



# Implementation of the investment program for the 1<sup>st</sup> half of 2024

By joint order of the RK Ministry of Energy dated February 29, 2024 No. 87 and the Almaty Department of the Committee for the Regulation of Natural Monopolies of the RK MNE dated February 16, 2024 No. 19-OD, the approved investment program of the Partnership for 2024 was adjusted.

Also, by a joint order of the Ministry of Energy of the Republic of Kazakhstan dated February 28, 2023 No. 91 and DKREM dated February 17, 2023 No. 11-OD, the approved investment program of the Partnership was adjusted, taking into account changes for 2022-2023.

No.	Activities	PLAN for 2024 x1000 tenge	ACTUAL of 1st half of 2024 x1000 tenge	Remark
1	Construction of crossings of Kenkiyak-Kumkol MP	9 932,30	0	Tender procedures are underway to determine the contractor. Implementation is expected in the 2nd half of 2024
2	Reconstruction of OHL-10 kV of Kenkiyak-Kumkol MP at section 0 - 602 km	124 184,60	0	The winner of the tender is ABROY Group KZ LLP, contract No. 974664/2024/1 dated 19.06.2024. Work is underway.
3	Complex inspection of Kenkiyak-Kumkol MP to determine corrosion and anti-corrosion protection	2 328,75	0	On 12.06.2024, a service contract No. 967893/2024/1 was concluded with ALAR GROUP LLP. Currently, the contractor is carrying out the necessary procedures under the contract
4	In-line diagnostics of Kenkiyak-Kumkol MP	777 111,12	411 847,2	The main field work on the ILD has been completed (pig passage). It is expected that AFDT will be carried out and reports will be provided.
5	Acquisition of fixed assets	25 850,11	0	In fact, contracts have been concluded for the supply of FA for 12.9 million tenge excluding VAT. Delivery of goods is awaited. Execution of FA purchases is reflected based on the delivery. For the purchase of other FA - at the stage of tender procedures
<b>TOTAL:</b>		<b>939 406,88</b>	<b>411 847,2</b>	

The source of financing for IP is depreciation deductions included in the tariff.

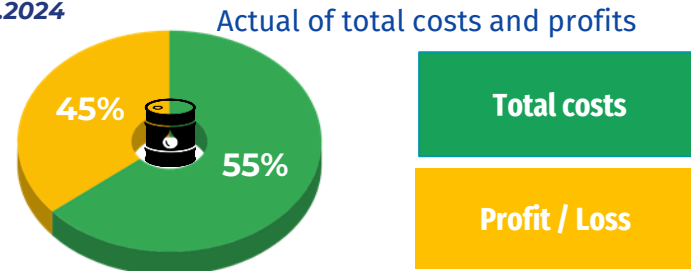
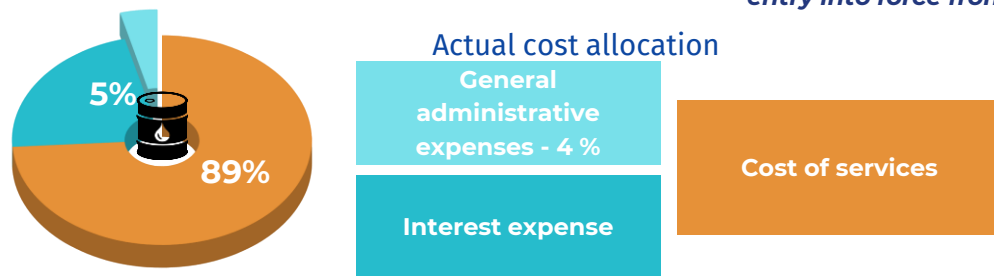
Tender procedures for the procurement of services, goods and works are being conducted for the activities of the investment program.

Full utilization of the planned amount is expected at the end of 2024.

# Execution of the tariff estimate for the 1st half of 2024

Indicators	Measure unit	Provided for 2024	Actual of the 1 <sup>st</sup> half of 2024	Deviation	Deviation, %
Cost of services	thousand tenge	10 219 824	6 518 430	-3 701 394	-36,2 %
Period expenses	thousand tenge	1 319 623	790 456	-529 167	-40,1 %
General administrative expenses	thousand tenge	776 482	394 755	-381 727	-49,2 %
Interest expense	thousand tenge	543 141	395 702	-147 440	-27,1 %
Total costs	thousand tenge	11 539 447	7 308 886	-4 230 560	-36,7 %
Profit/Loss	thousand tenge	21 151 740	5 992 129	-15 159 610	-71,7%
Income	thousand tenge	32 691 186	13 301 016	-19 390 171	-59,3%
Volume of services provided	thousand tons	8 506	3 562	-4 944	-58,1 %
Cargo turnover	million t*km	6 756	2 749	-4 007	-59,3 %
Unit tariff (without VAT)	tenge/per 1 ton per 1000 km	4 838,79	4 838,79	0	0 %

By order of the Almaty DCRNM of the RK MNE dated December 31, 2019 No. 74-OD, a tariff was approved in the amount of 4 838.79 tenge / ton per 1000 km for a regulated service for pumping oil through the Kenkiyak-Kumkol oil pipeline within the domestic market for 2024 , with the entry into force from 01.01.2024



# Execution of cost items for the 1<sup>st</sup> half of 2024

No.	Indicators	Measure unit	Provided for 2024	Actual of the 1 half of 2024	Deviation %
I	Costs of goods and services	thousand tenge	10 219 824	6 518 430	-36,2%
1	<i>Material costs, total</i>	-//-	58 351	51 404	-11,9%
1.1	raw materials	-//-	15 611	7 588	-51,4%
1.2	energy	-//-	42 740	43 815	2,5%
2	<i>Labor costs, total</i>	-//-	109 984	71 828	- 34,7%
3	<i>Depreciation</i>	-//-	4 012 997	2 988 845	-25,5%
4	<i>Repair, total</i>	-//-	270 206	98 811	-63,4%
5	<i>Other costs, total</i>	-//-	5 768 285	3 307 542	-42,7%
5.1	private security and fire protection	-//-	349 895	297 140	-15,1%
5.2	OTM services	-//-	2 605 899	2 225 534	-14,6%
5.3	metrology	-//-	3 131	2 211	-29,4%
5.4	maintenance of equipment and metering devices	-//-	25 992	20 343	-21,7%

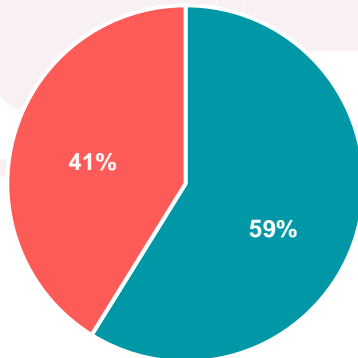
# Execution of cost items for the 1st half of 2024

Nº	Indicators	Measure unit	Provided for 2024	Actual of the 1 half of 2024	Deviation %
5.5	support of the information and analytical system for pipeline integrity management (PIMS)	-//-	20 400	0	0%
5.6	maintenance of communication systems	-//-	123 892	87 378	-29,5%
5.7	tax payments and fees	-//-	826 773	558 957	-32,4%
5.8	environmental monitoring and protection	-//-	9 340	4 355	-53,4%
5.9	maintenance of hazardous production facilities in the oil and gas industry	-//-	23 155	18 580	-19,8%
5.10	costs for the maintenance of fire and security alarms	-//-	14 825	9 705	-34,5%
5.11	TM, CR of the pipeline security system and TM, CR of video surveillance systems and the perimeter security system of the main pipeline	-//-	39 242	15 324	-61,0%
5.12	transport services by company vehicles	-//-	39 040	28 651	-26,6%
5.13	TM and CR of office equipment, software and climate control systems	-//-	19 771	6 515	-67,0%
5.14	current repair and maintenance of oil metering units	-//-	38 012	826	-97,8%
5.15	communication services	-//-	17 646	10 557	-40,2%
5.16	accommodation and meals for shift workers	-//-	12 619	19 377	53,6%
5.17	insurance	-//-	1 359	2 088	53,6%
5.18	training and professional development	-//-	2 296	0	-100,0%
5.19	technological costs (injection of an anti-turbulent additive)	-//-	1 594 996	0	-100,0%

# Execution of cost items for the 1st half of 2024

No.	Indicators	Measure unit	Provided for 2024	Actual of the 1 <sup>st</sup> half of 2024	Deviation, %
II	Period expenses, total	-//-	1 319 623	790 456	-40,1%
	<i>Including:</i>				
6	General and administrative costs	-//-	776 482	394 755	-49,2%
7	Costs for interest payment	-//-	543 141	395 702	-27,1%

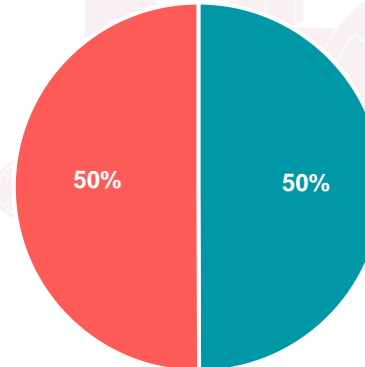
**Planned cost allocation**



Interest expenses

General administrative expenses

**Actual cost allocation**



Interest expenses

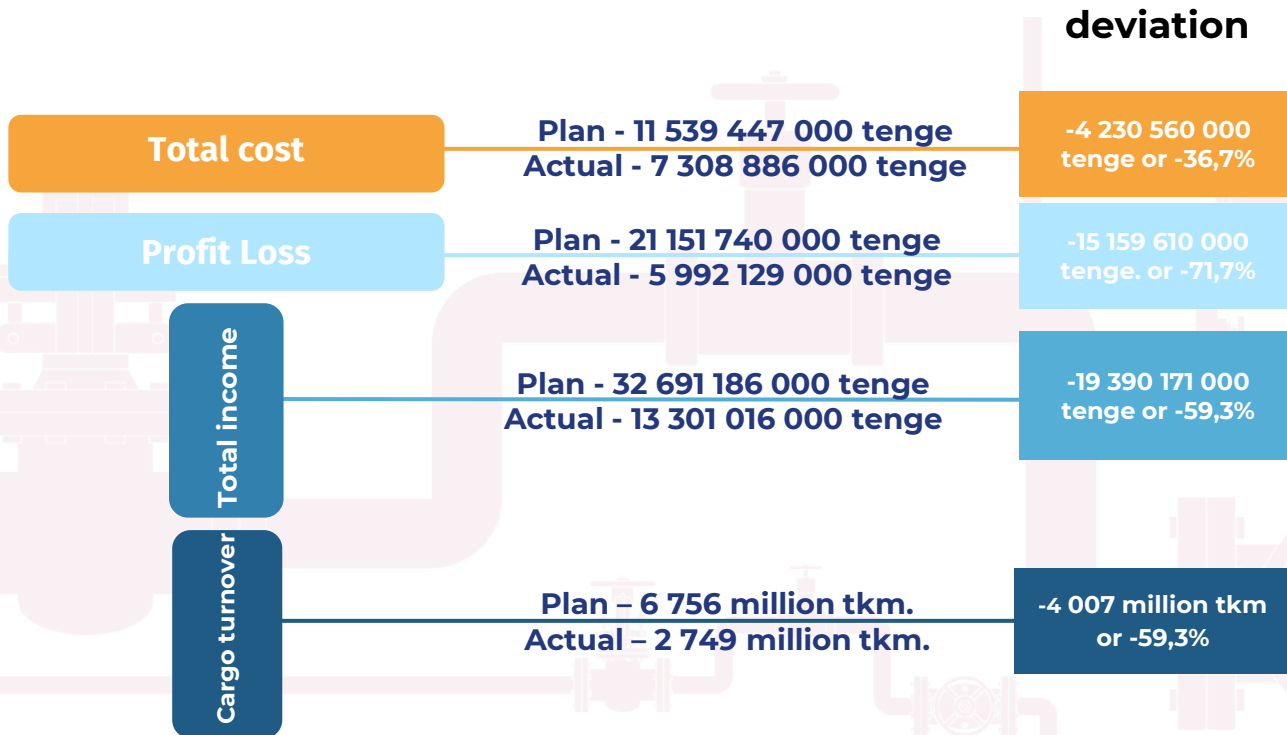
General administrative expenses



## Execution of general and administrative expenses for the 1st half of 2024

Nº	Indicators	Measure unit	Provided for 2024	Actual of the 1 half of 2024	Deviation %
6	General and administrative expenses	-//-	776 482	394 755	-49,2%
	including:	-//-			
6.1	administrative staff salaries	-//-	364 262	150 316	-58,7%
6.2	social tax	-//-	34 605	14 280	-58,7%
6.3	Bank services	-//-	1 619	740	-54,3%
6.4	Depreciation	-//-	68 608	28 914	-57,9%
6.5	third party services, total	-//-	307 388	200 505	-34,8%
	including:				
6.5.1	raw materials	-//-	2 082	581	-72,1%
6.5.2	transport services by company vehicles	-//-	100 996	69 991	-30,7%
6.5.3	training and professional development	-//-	8 047	6 249	-22,3%
6.5.4	media publications	-//-	569	1 112	95,5%
6.5.5	travel services	-//-	50 880	23 327	-54,2%
6.5.6	communication services	-//-	3 103	1 918	-38,2%
6.5.7	taxes	-//-	8 960	4 933	-44,9%
6.6	other expenses, total	-//-	132 751	92 394	-30,4%
7	Compensation expenses	-\\-	543 141	395 702	-27,1%

# The result of regulated services for 1 half of 2024



## Financial and economic indicators of the Partnership for the 1st half of 2024 (according to operational data)

No.	Indicators	Unit thousand tenge	Cost
1	Income from the sale of services	-//-	42 012 465
2	Other income	-//-	1 303 783
3	Costs	-//-	22 111 958
3.1	Cost of sales of services	-//-	19 404 856
3.2	General and administrative expenses	-//-	1 850 520
3.3	Interest expenses	-//-	840 058
3.4	Expenses from non-core activities	-//-	16 524
4	Income tax expense	-//-	4 077 551
5	Profit	-//-	17 126 739



# Actual volume of provided regulated services

№	Shippers	Volume, x1000 tons	Cargo turnover, mln.t/km	Share, %
1	CNPC-Aktobemunaigas	900,03	714,86	26,0%
2	Mangystaumunaigas	678,35	538,79	19,6%
3	Embamunaigas	648,66	515,21	18,7%
4	Kazakhoil Aktoobe	148,68	118,09	4,3%
5	Kazakhturkmunai	141,76	112,60	4,1%
6	KoZhan	119,43	94,85	3,5%
7	KMK Munai	101,53	80,64	2,9%
8	KEN-SARY	94,59	75,13	2,7%
9	Buzachi Neft	73,93	58,72	2,1%
10	Altius Petroleum International BV Aktoobe branch	64,12	50,93	1,9%
11	Nelson Petroleum Buzachi BV. Kazakhstan branch	57,13	45,37	1,7%
12	CNPC International (Buzachi) BV. Aktau branch	57,13	45,37	1,7%
13	Maten Petroleum	51,60	40,98	1,5%
14	Branch "Dunga Operating GmbH" in the Republic of Kazakhstan	43,80	34,79	1,3%
15	KOM-MUNAI	35,54	28,23	1,0%
16	BNG Ltd (БиЭнджи Лтд)	32,16	25,55	0,9%
17	5 A OIL	31,66	25,14	0,9%
18	Emir-Oil	27,05	21,48	0,8%
19	Tasbulat Oil Corporation	19,15	15,21	0,6%
20	Potential Oil	18,13	14,40	0,5%

№	Shippers	Volume, x1000 tons	Cargo turnover, mln.t/km	Share, %
21	Meerbusch	16,03	12,73	0,5%
22	TANACO	15,53	12,33	0,4%
23	Nobilis Corp	14,53	11,54	0,4%
24	South-Oil	111,59	8,33	0,3%
25	TENGE Oil & Gas	10,03	7,97	0,3%
26	Sazankurak	9,52	7,56	0,3%
27	Sagiz Petroleum Company	8,52	6,77	0,2%
28	Evrika Oleum	8,16	6,48	0,2%
29	Karakudukmunai	7,02	5,57	0,2%
30	Phystech II	4,71	3,74	0,1%
31	Capi Neft TME	4,51	3,58	0,1%
32	Jupiter Energy Pte.Ltd. RK Branch	2,50	1,99	0,1%
33	ZHALGIZTOBEMUNAI	1,90	1,51	0,1%
34	KhamAd Partners	1,00	0,80	0,0%
35	Oloreso Petroleum	0,60	0,48	0,0%
36	Varro Operating Group	0,50	0,40	0,0%
37	Ushkuyu	0,50	0,40	0,0%
38	Pricaspian Petroleum Company	0,40	0,32	0,01%
	<b>TOTAL</b>	<b>3 562</b>	<b>2 749</b>	<b>100%</b>

There are 52 contracts with consumers concluded for the Kenkiyak-Kumkol main pipeline in the domestic market, of them 38 have realized the transportation of actual volume. The actual oil cargo turnover on the domestic market for the 1st half of 2024 amounted to 2,749 million tons/km with the approved indicators of 6,756 million tons/km in the tariff estimate, which is 40.7%.

# Work with consumers and activity prospects

## Work with consumers

- Daily processing of oil pumping data, daily record-keeping of oil balance, based on which the accounting of commercial oil transactions is monitored, and the interaction of the supplying and receiving parties is coordinated.
- Control over the quality and quantity of oil is carried out by the Partnership together with KazTransOil.

## Prospects for the activities of Kazakhstan-China Pipeline LLP:

- Ensuring uninterrupted oil transportation, reliable and safe operation of oil pipeline facilities.
- Timely adjustment of the tariff estimate for regulated services of pumping oil through the Kenkiyak-Kumkol oil pipeline system in the domestic market of the Republic of Kazakhstan for 2024.
- Timely approval of the tariff for regulated services of oil pumping through the Kenkiyak-Kumkol oil pipeline system in the domestic market of the Republic of Kazakhstan for 2025-2029.

**Thank you for your attention!**

