

The image features a complex industrial background with a blue-tinted overlay. In the foreground, a worker in a red jacket and white hard hat is working on a large pipe. The background shows a vast industrial facility with numerous pipes, scaffolding, and structures under a clear sky. The overall aesthetic is modern and technical.

**ICA**  
INTERGAS CENTRAL ASIA

**Presentation for investors**

- Purpose of this presentation is to briefly introduce you on the latest developments of ICA, provide an update on its financial performance and to discuss business strategy, financial policy and financial projections
- 100% Government owned through KazMunaiGas and KazTransGas with tangible evidence of government support
- Monopoly operator for gas transmission in Kazakhstan with no plans to allow competition or privatization
- Only feasible route for gas transit from Central Asian producers to European consumers
- Crucial link for Gazprom's imports from Turkmenistan and Uzbekistan
- Trust Management Agreement in low risk business
- Notwithstanding the global economic downturn, ICA is continuing to demonstrate strong financial performance and sound financial position
- ICA is undertaking certain actions to weather downturn and is accordingly progressing important strategies and initiatives, which include revision of the capex programme, improving ICA's liquidity management.

- In March 2016 ICA successfully redeemed USD 142 mln of USD 270 mln Eurobond outstanding due 2017. In May 2017 ICA plans to redeem outstanding USD 128 mln Bond.
- In 2016 ICA provides technical gas service operations for Kazakhstan-China gas pipeline with revenues 2.2 billion KZT and Beineu-Bozoi-Shymkent gas pipeline with revenues 1.8 billion KZT.
- ICA carries out maintenance service of the third thread of the gas pipeline Kazakhstan-China
- In 2016 booster compressor station “Akyrtobe” was launched in south region on interconnector between BGR-TBA gas pipeline and Kazakhstan-China pipeline to transmit gas volumes 6,0 bcm.
- ICA started to drill wells for the project “Reconstruction of underground gas storage “Bozoi” to increase the volume of gas injection
- Antimonopoly Agency approved setting new higher tariffs for domestic transportation from 1 380 KZT to 2 213 KZT for 1000 m<sup>3</sup> and tariffs for gas storage from 200 KZT to 280 KZT for 1000 m<sup>3</sup> which has effect starting from 1 January 2017
- In May 2016 Loan agreement was signed between European Bank for Reconstruction and Development and ICA for the total amount USD 270 mln to realize the capital investment project “Reconstruction of underground gas storage “Bozoi” and refinance Eurobond obligations
- Despite unfavourable conditions in European gas market ICA is in sound position and has accumulated enough cash in Fund to repay its outstanding eurobonds.

№	Figures	Unit of measure	Fact 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021
<b>I.</b>	<b>Operational figures</b>							
<b>1.</b>	<b>Gas transportation volumes</b>	<b>mln. m<sup>3</sup></b>	<b>66 788</b>	<b>83 769</b>	<b>82 390</b>	<b>82 239</b>	<b>82 336</b>	<b>82 487</b>
	Domestic transportation	mln. m <sup>3</sup>	12 297	12 069	12 217	12 373	12 531	12 694
	Export gas	mln. m <sup>3</sup>	13 251	17 523	15 996	15 688	15 627	15 616
	International transit	mln. m <sup>3</sup>	41 240	54 177	54 177	54 177	54 177	54 177
	<i>Russian gas transit</i>	<i>mln. m<sup>3</sup></i>	<i>36 973</i>	<i>50 177</i>	<i>50 177</i>	<i>50 177</i>	<i>50 177</i>	<i>50 177</i>
	<i>Central Asian gas transit</i>	<i>mln. m<sup>3</sup></i>	<i>4 267</i>	<i>4 000</i>	<i>4 000</i>	<i>4 000</i>	<i>4 000</i>	<i>4 000</i>
	<i>Uzbek gas transit</i>	<i>mln. m<sup>3</sup></i>						
	Gas storage volumes	mln. m <sup>3</sup>	22 911	33 231	33 978	34 211	34 083	34 390
<b>2.</b>	<b>Tariffs</b>							
	Domestic transportation	KZT/1000 m <sup>3</sup>	1380	2100	2100	2500	2500	2500
	Export gas	USD/1000 m <sup>3</sup> /100 km	2,0/5,0	2,0/5,0	2,0/5,0	2,0/5,0	2,0/5,0	2,0/5,0
	International transit							
	<i>Russian gas transit</i>	USD/1000 m <sup>3</sup> /100 km	2	2	2	2	2	2
	<i>Central Asian gas transit</i>	USD/1000 m <sup>3</sup> /100 km	1,7	2	2	2	2	2
	<i>Uzbek gas transit</i>	USD/1000 m <sup>3</sup> /100 km						
	Gas storage	KZT/1000 m <sup>3</sup>	199,94	292	360	360	360	360

\* Source: Financials for 2016 & Business Plan of ICA for 2017-2021

- Forecasted operational figures are based on approved Business Plan of ICA for 2017-2020 with operational programme based on application from counterparties.
- Gas transportation volumes for 2017 compared to 2016 factual volumes are expected to be increased due to raise in international gas transit, mainly Russian gas transit from Gazprom.
- Volumes for domestic transportation and export gas are planned to be increased gradually.

Figures (mln KZT)	Fact 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021
Revenues	201 325	211 966	196 076	192 241	188 958	189 961
Expenses	127 677	109 526	114 173	121 757	129 527	137 832
EBITDA	99 860	132 878	112 160	102 474	93 204	87 939
Cash balance at beginning period	7 985	551	2 753	3 887	2 029	2 218
Net income	57 196	75 435	64 306	55 623	47 184	38 851
+ Depreciation and amortization	17 396	19 234	20 009	21 881	23 778	25 863
- Capital expenditures	41 385	46 931	19 399	19 978	27 934	21 176
- Repayment of bond and loan obligations	196 525	56 258	12 185	12 185	12 185	12 185
- Dividend payments	4 285	45 167	60 348	54 660	36 155	37 747
Cash balance at end period	5 531	2 753	3 887	2 029	2 218	3 729

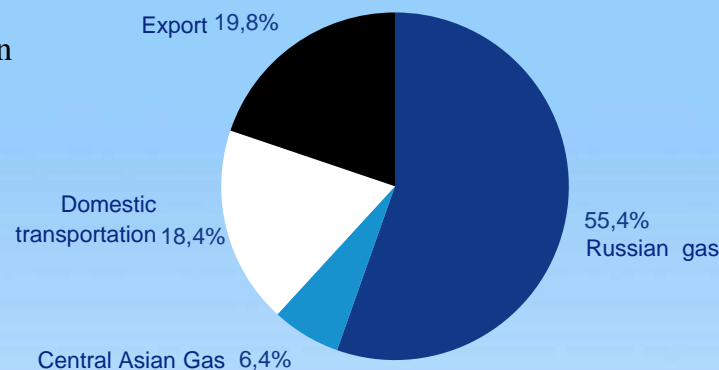
# Intergas Central Asia – An Overview

## ICA Overview

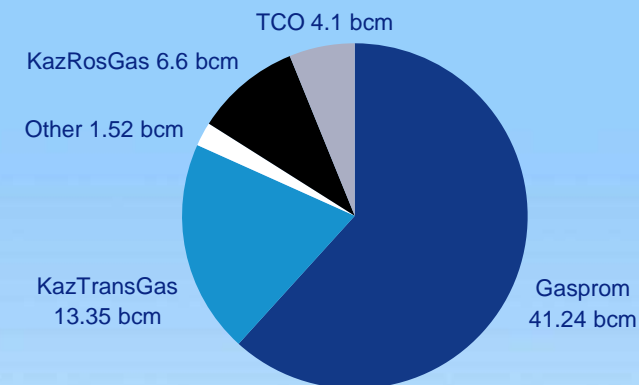
- Principal business is transportation of natural gas and, to a lesser extent:
  - management, maintenance and operation of the gas transportation system
  - storage of natural gas and provision of technical services to third parties
  - sales of natural gas to related parties
  
- 2016 revenue from operating activities: USD 507.242 mln
  
- In 2016 international gas transit serves as the major generating revenue source with 48.8%
  
- In 2016 export gas revenue increased to 40.2%, domestic transportation revenue decreased to 11%

## Operational data breakdown

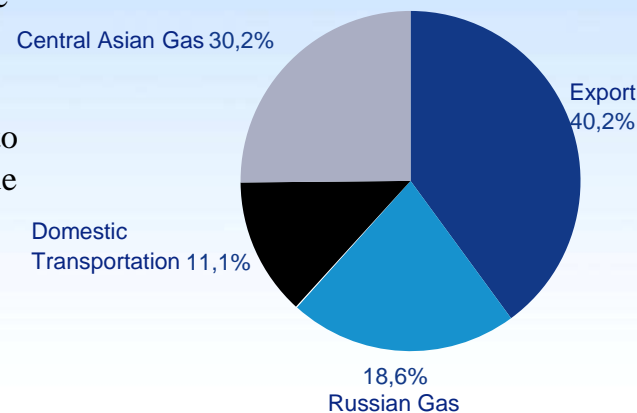
### Volumes by transportation for 2016



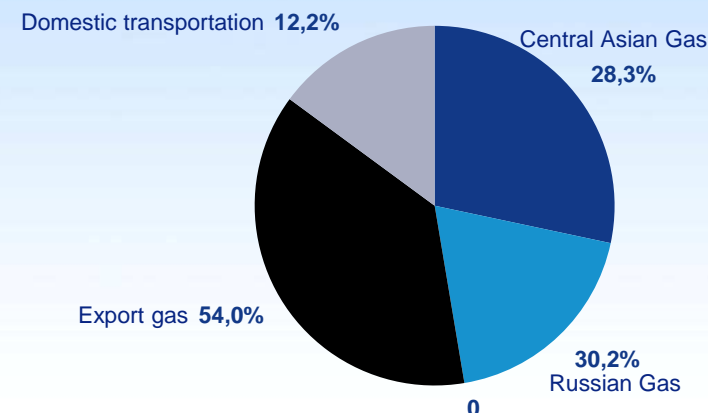
### Transit Volumes Breakdown by customers for 2016



### Revenues by Transportation for 2016



### Estimated Revenues for 2017 by transportation



# Gas pipeline system of ICA

**LEGEND:**



- Compressor Stations
- Underground Gas Storages
- Gas Fields
- Gas Processing Plants
- Existing Gas Pipelines
- Route of MG "Kazakhstan-China"
- Route of MG "Bejneu-Bozoi-Akbulak"
- Route of the "Near-Caspian Gas Pipeline"
- Route of MG "West-north-centre"



# Gas Pipeline System of ICA

Pipeline System	Pipeline	Year(s) of Construction	Length	Current Throughput Capacity	Transported volumes in 2016	Capacity used in 2016, %
Central Asian System	CAC Pipeline	1969-1986	5 parallel pipelines total 4088 km in length	47.2 bcm per year	14.679 bcm	31.1%
	CAC Pipeline distance 189	1973-1975	3 parallel pipelines total 189 km in length	28.0 bcm per year	19.369 bcm	69.2%
	Makat-Northern Caucases Pipeline	1987	370 km	22.0 bcm per year	5.89 bcm	26.8%
	Okarem-Beineu Pipeline	1973-1975	545 km	7.2 bcm per year	2.43 bcm	33.7%
Uralsk System	Soyuz	1976	319 km	40.4 bcm per year	18.479 bcm	46.8%
	Orenburg-Noyopkov Pipeline	1975	319 km			
Aktobe System	Bukhara-Ural Pipeline	1963-1964	2 parallel pipelines each 1,423km in length	8.03 bcm per year	5.185 bcm	64.6%
	Bukhara-Ural Pipeline distance 42.9	1963-1964	85.8 km	21.9 bcm per year	11.813 bcm	53.9%
	Zhanazhol-Aktobe Pipeline	2005	143 km	0.697 bcm per year	0.666 bcm	95.6%
	Zhanazhol-CS 13 Pipeline	2007	156 km	5.2 bcm per year	4.03 bcm	77.5%
	Kartaly-Rudnyi-Kustanai Pipeline	1965	227 km	1.6 bcm per year	0.765 bcm	47.8%
South System	Akshabulak-Kyzylorda Pipeline	2005	122 km	0.420 bcm per year	0.224 bcm	53.3%
	Gazli-Shymkent	1988	314 km	7.00 bcm per year	-	0%
	Bukhara Gas - Tashkent- Bishkek-Almaty Pipeline	1961-1989	1,585 km	8.00 bcm per year	4.954 bcm	61.9%

■ Note: The table shows throughput capacities and transmission volumes by each gas pipeline route. Some of the pipelines listed in the table are connected in sequence.

■ Total transmission gas volumes by ICA for 2016 amount to 88.48 bcm.

Source: ICA



## ■ International gas transmission and Export gas:

- Under terminating Concession Agreement and concluding Trust Management Agreement tariffs are not set to regulation by CRNM and are delivered through negotiation;
- Tariffs are set in US dollars and ICA has the ability to negotiate directly with its counterparties;
- In 2016, tariff for Central Asian and Russian gas transit is set at \$1,70 and \$2,00 for 1000m<sup>3</sup> for 100km.;
- In 2016 Export gas transit tariff with counterparties KazTransGas, Tengizshevroil and Zhaikmunay have been increased to \$5 for 1000 m<sup>3</sup> for 100km.

## ■ Domestic gas transportation:

- Domestic tariffs are regulated and set with political considerations in mind;
- The methodology and the approval process for domestic gas transportation tariffs are established by one of Kazakhstan's main regulatory bodies, CRNM (Committee for Regulation of National Monopolies);
- About 11.1% of ICA's revenues is exposed to regulated tariffs;
- In November 2016 Antimonopoly Agency approved setting new higher tariffs for domestic transportation up to level 2 212.7 KZT for 1000 m<sup>3</sup> and tariffs for gas storage up to level 280.3 KZT for 1000 m<sup>3</sup> which are to be set starting from January 2017.

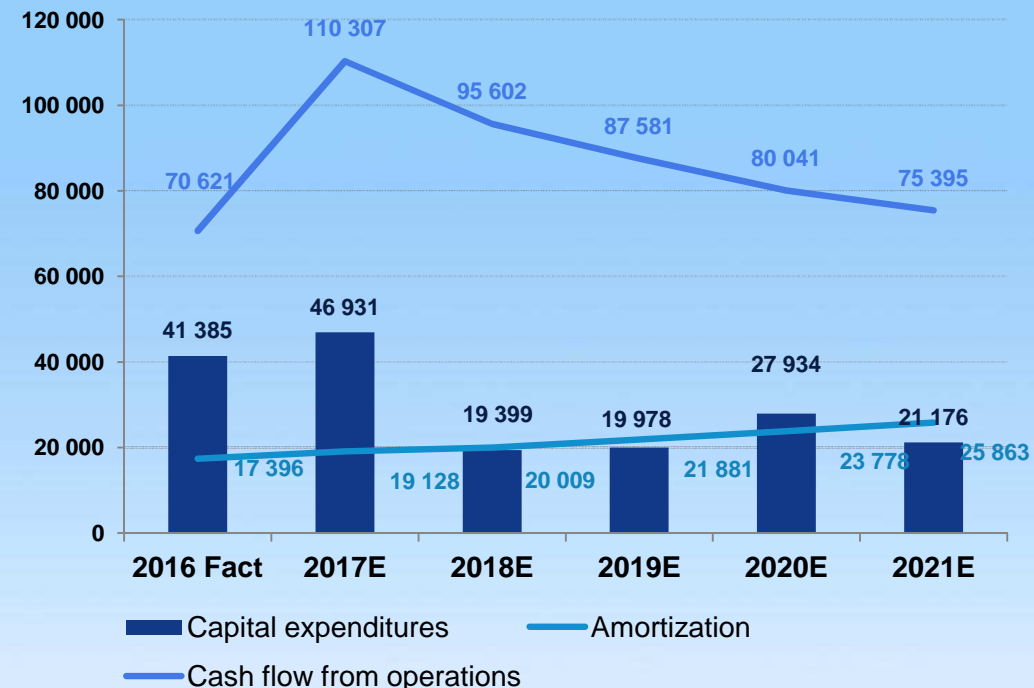
## ■ Main principles of the CRNM tariff methodology:

- Cover all economically feasible expenses, all taxes and other payments to the state budget;
- Ensure minimum rate of return necessary for company's sustainable operations.

## CAPEX Program & Requirements

- **2017 – 2021 capital investment strategy includes**
  - Maintaining and enhancing reliability and performance of existing pipeline while increasing throughput capacity
  - Further investment depends on growth of transportation volumes
- **No pipeline capacity expansion until firm agreements on tariffs and volumes are achieved**
- **Conditional projects**
  - Significant modernisation and reconstruction of existing network, including upgrading technology
  - Upgrading the CAC (Central Asia Center) pipeline
- **Capex for 2017 is estimated at about 46.9 billion KZT compared to factual Capex for amount of 41.4 billion in 2016 which is fully financed from cash flow operations**
- **ICA completed the investment project “Construction of booster compressor station TIP-02 for gas transmission to Kazakhstan-China”. The project will lead to increase transmitting gas export to China up to 6 billion m3.**
- **Currently ICA is implementing the investment project “Reconstruction of underground gas storage “Bozoi”. The cost of project is estimated at 37.3 billion KZT which is financed from loan facilities and internally generated funds.**

## ICA CAPEX – Development (millions KZT)



Source: ICA financials and Business Plan for 2017-2021.

# Intergas' Income Statement\*

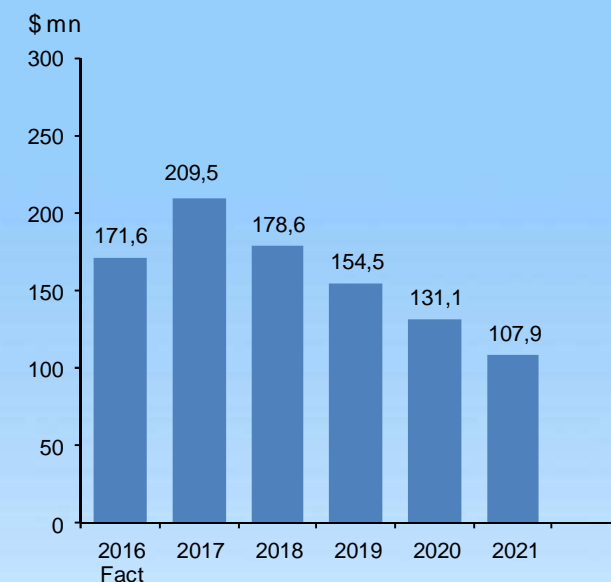
## Sales



## EBITDA



## Net Income



## Coefficients

	2016 Fact	2017E	2018E	2019E	2020E	2021E
ROE (%)	13.6%	17.1%	14.5%	12.5%	10.3%	8.5%
EBITDA margin (%)	59.1%	63.1%	57.3%	53.4%	49.5%	46.4%

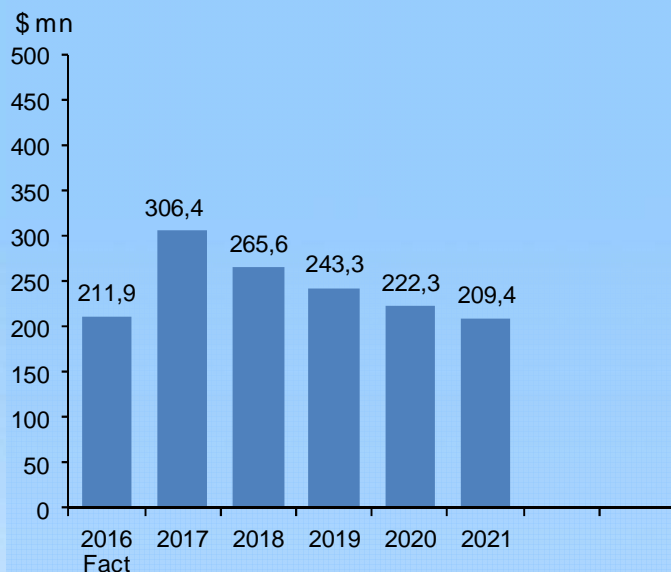
\*Source: Financials & Business Plan of ICA for 2017 – 2021 (KZT/USD Exchange rate is 360 )

•KZT/USD Exchange rate (National bank of Kazakhstan) is 333.29 for 2016

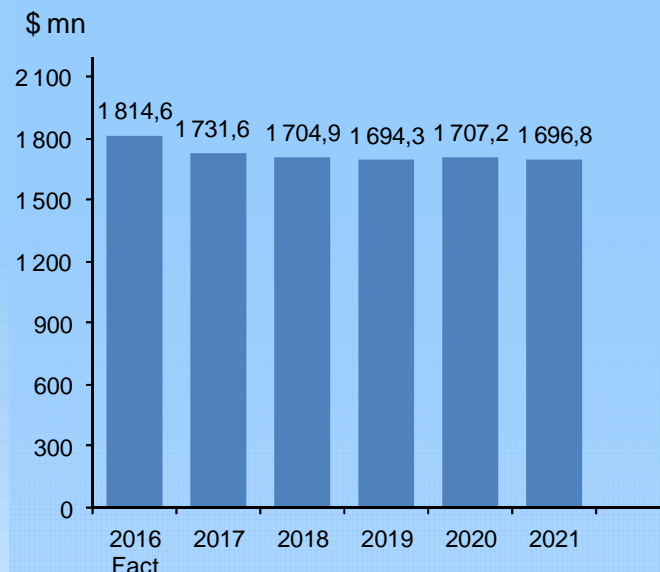
# Intergas' Balance Sheet and Cash Flows Statements\*



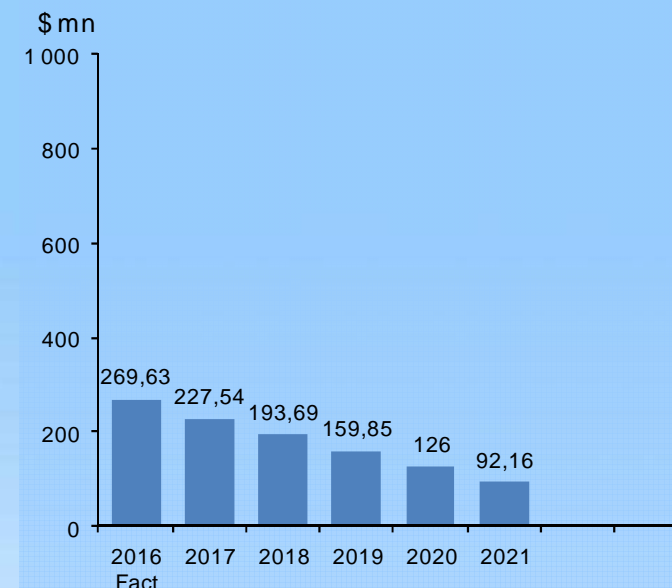
## Cash flow from Operations



## Assets



## Financial Debt



## Ratios

	2016 Fact	2017E	2018E	2019E	2020E	2021E
EBITDA Interest Coverage (x)	9.54	18.77	24.39	26.45	29.73	36.73
Total Debt/EBITDA (x)	0.88	0.62	0.62	0.56	0.49	0.38
EBITDA/Capex (x)	2.46	2.83	5.78	5.13	3.34	4.15
ROA (x)	9.5%	12.1%	10.5%	9.1%	7.7%	6.4%

\* Source: Financials & Business Plan of ICA for 2017-2021 (KZT/USD Exchange rate is 360 )

\* KZT/USD Exchange rate (National bank of Kazakhstan) is 333.29 for 2016

# Intergas' Covenant compliance of KMG

## KMG Financial Covenants

Credit metrics	2011	2012	2013	2014	2015	2016
Total Debt/EBITDA < 3.5 (x)	1.67	2.29	2.01	1.81	2.22	0.89
Net Debt/Net Capitalization <0.5 (x)	0.29	0.30	0.29	0.21	0.19	0.17
Current Assets/Current Liabilities > 1 (x)	2.87	1.99	1.58	1.82	2.81	1.23
Operational liquidity > 1 (x)	16.7	3.3	3.6	23.1	23.1	1.4
EBIT/Interest > 2 (x)	4.3	4	3.46	4.8	1.7	1.8

•Source: ICA Financials

•\* KZT/USD Exchange rate is 148.4 for 2011, 150.74 for 2012, 153.61 for 2013, 182.35 for 2014, 339.47 for 2015 and 333.29 for 2016