

Devaluation Windfall Drives KazMunaiGas Exploration Production Profits Up 4.6 Times

By [The Moscow Times](#)

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ALMATY — KazMunaiGas Exploration Production, or KMG EP, on Wednesday reported that first-half net profit increased 4.6 times year-on-year, mainly due to a significant pre-tax foreign exchange gain as a result of the tenge devaluation.

KMG EP is the London-listed arm of Kazakhstan's state oil and gas group KazMunaiGas, which last month made an approach to buy the remaining shares in the company.

Bringing the cash-rich exploration arm back into the state-owned group is widely seen by analysts as a move toward the eventual public listing of the national company, which operates some of the largest oil and gas fields in the world.

KMG EP's first-half profit came in at 210.3 billion tenge (\$1.193 billion), on revenue of 464.4 billion tenge (\$2.635 billion), which increased by 21 percent compared to the same year-ago period, the company said in a statement.

Kazakhstan, Central Asia's largest economy and the second-largest post-Soviet oil producer after Russia, devalued its tenge currency by 19 percent in February.

The Central Bank's devaluation aimed to ease speculative pressure on the domestic foreign exchange market, support the country's exporters of commodities such as oil and industrial metals, and stimulate economic growth.

KMG EP's first-half capital expenditure totaled 58 billion tenge (\$329 million), which is 12 percent higher than in the same period of 2013 mainly due to an increase in production drilling at OzenMunaiGas, KMG EP's largest producing asset located in western Kazakhstan.

KMG EP said last month that its first-half oil output rose by 0.2 percent year-on-year to 6.106 million tons, or 250,000 barrels per day.

The company's crude output rose by 2 percent to 12.4 million tons in 2013.

KMG EP said the average price of Brent crude in the first six months of 2014 was 1 percent higher than in the same period of 2013, up from \$107.5 per barrel to \$108.9 per barrel, KMG EP said.

Kazakhstan's President Nursultan Nazarbayev on Wednesday appointed Vladimir Shkolnik, the head of national uranium company Kazatomprom, as head of a reorganized Energy Ministry.

Nazarbayev, who heads Central Asia's largest economy and the second-largest ex-Soviet oil producer after Russia, told a government meeting that Oil and Gas Minister Uzakbai Karabalin would now serve as Shkolnik's first deputy in the new ministry.

The new Energy Ministry will be based on the former Oil and Gas Ministry.

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