

## Dynamics of KazTransOil's freight turnover has not significantly changed in 1H2019.

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In 1H2019 separate transportation volume of KazTransOil (KTO) amounted to 22.2mn tons, continuing to show a decline, by 1% yoy this time. Freight turnover on a separate basis slightly increased (+ 0.3% yoy) and amounted to 18.9mn tons. In terms of the consolidated freight turnover, a similar dynamics is observed up to 22.9mn tons (+ 0.2% yoy).

The volume of transportation to the domestic market in 1H2019 amounted to 8.2mn tons of oil (+ 7% yoy) or 37% of KTO volumes. Export deliveries account for about 41% and transit volume - 22%.

**Рис 1. Операционные результаты**

Показатель	ед. изм.	1П2016	1П2017	1П2018	1П2019
Объем - конс.	тыс. тонн	28 278	28 924	27 992	27 603
<i>изменение, г/г</i>	%	-10.0%	2.3%	-3.2%	-1.4%
Объем - отдельно	тыс. тонн	21 923	22 732	22 427	22 198
<i>изменение, г/г</i>	%	-10.0%	3.7%	-1.3%	-1.0%
Грузооборот - конс.	тонн*км	21 684	23 098	22 843	22 898
<i>изменение, г/г</i>	%	-5.0%	6.5%	-1.1%	0.2%
Грузооборот - отдельно	тонн*км	17 836	18 958	18 816	18 871
<i>изменение, г/г</i>	%	-3.0%	6.3%	-0.7%	0.3%

Источник: данные Компании, расчеты HF

The stagnant dynamics of freight turnover does not introduce strong deviations in our annual forecast, and we consider it justifiable to reduce the volume of transportation, taking into account the reduction of oil production in Kazakhstan by 1.5% yoy in 1H2019. We expect predictable financial results during 2019 in view of the clearer component of the tariffs. At the same time, we note the increased uncertainty regarding tariffs for future periods and put the recommendation on KTO shares under review. **Our opinion**

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