

KazTransOil: Neutral operational results for 2018.

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KTO reported a decrease in 2018 oil transportation on a separate basis by 2% yoy to 45.3mn tons. Separately, cargo turnover of crude oil by KTO also showed a decrease of 4% yoy, reaching 38,040mn tons/km. Consolidated cargo turnover amounted to 46,120mn tons/km, which is 5% lower than in 2017.

Our view

As we noted earlier, the main volume of oil produced in Kazakhstan and pumped through the KTO system was produced on old fields. As the total oil production accelerates due to Tengiz and Kashagan, we expect that the share of oil transported by the KTO will gradually decrease from the current ~50% and by 2023 will be 44.2%. We are neutral with respect to KTO's annual operating performance and do not see any deviations from our expectations. We maintain our Buy recommendation on KTO shares with 12M TP1582/share.

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