

Q4 and Full Year 2013 Financial Results

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Fourth Quarter Summary

- Revenue KZT 49,526m (48,900)
 - Increase of 1.3% relative to Q4 2012
- EBITDA* KZT 28,598m (26,254)
 - Increase of 8.9% relative to Q4 2012
- EBITDA margin* 57.7% (53.6)
 - Continuous focus on cost efficiency
- Net income KZT 18,264m (15,756)
 - Increase of 15.9% relative to Q4 2012
- Subscribers 14,307m (14,251)
 - Increase by 56K relative to Q3 2013



* excluding non-recurring items

Full Year 2013

- Revenue KZT 187,599m (182,004)
 - Increase of 3.1% relative to 2012
- EBITDA* KZT 104,727m (101,426)
 - Increase of 3.3% relative to 2012
- EBITDA margin* 55.8% (55.7)
 - Continuous focus on cost efficiency
- Net income KZT 63,392m (61,828)
 - Increase of 2.5% relative to 2012
- Subscribers 14,307m (13,462)
 - Increase by 845K relative to 2012

* excluding non-recurring items



Clear Strategy Focused on Value Creation

- *Maintain market leadership*
- *Strengthen leadership in data segment*
- *Cash generative growth*
- *Service Company*



Key Priorities

- Retaining market leadership
- Superior profitability in a challenging environment
- Strengthening Company's position in regions, organisational transformation
- Continuous efficiency increases
- Focusing on innovation to remain at the forefront of technological developments
- Customer centric approach to all activities
- Quality of network
- Focus on governance, compliance and sustainability



Sustainability and Compliance

- Sustainability and Compliance Officer appointed in November 2013
- Policies related to sustainability have been adopted by BoD
 - Code of Conduct and Ethics
 - Anti-Corruption Policy
 - Privacy Policy
 - Procurement Policy
 - Risk Management Policy
- Supply Chain Management
- Anti- Corruption
- Privacy
- Environmental Responsibility
- Kcell Green Office
- Contribution to TS Sustainability Report
- Human Rights



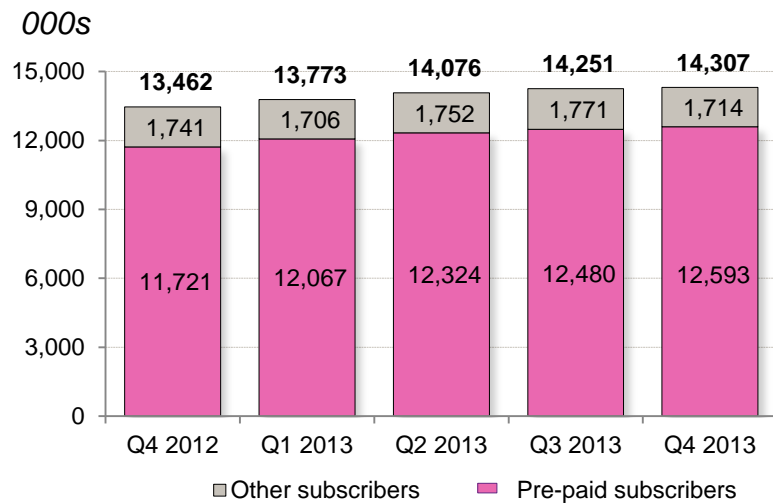
Market Trends

- Ongoing competition, regional focus is key to growth
- Altel commercial launch of GSM network, LTE services
- Pressure from Regulator
- Introduction of number portability in 2015

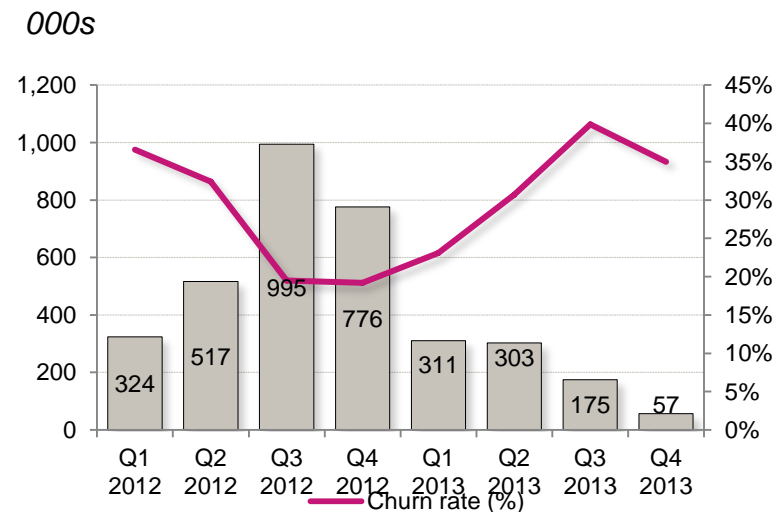


Continuing Subscriber Growth

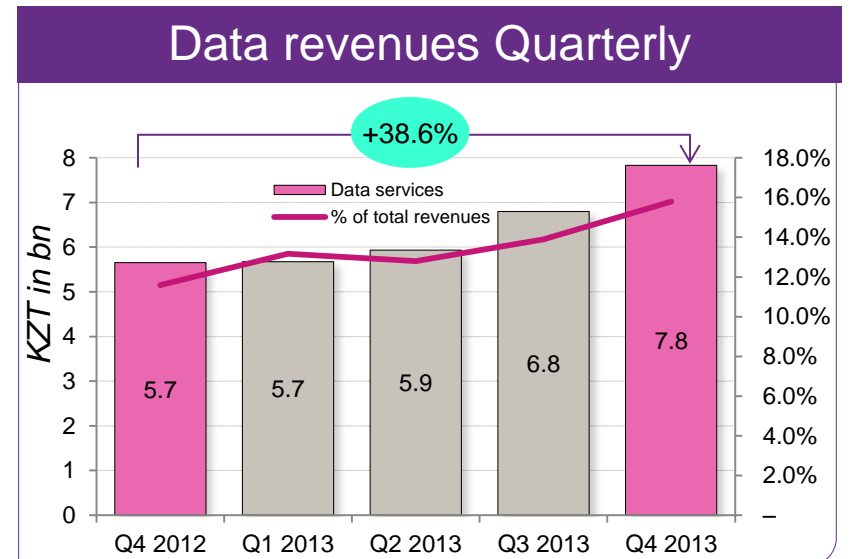
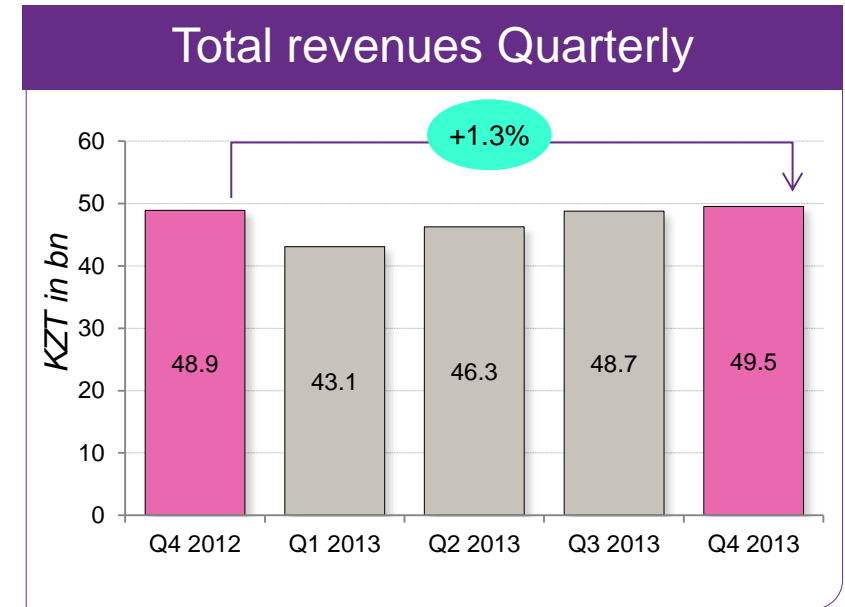
Subscribers



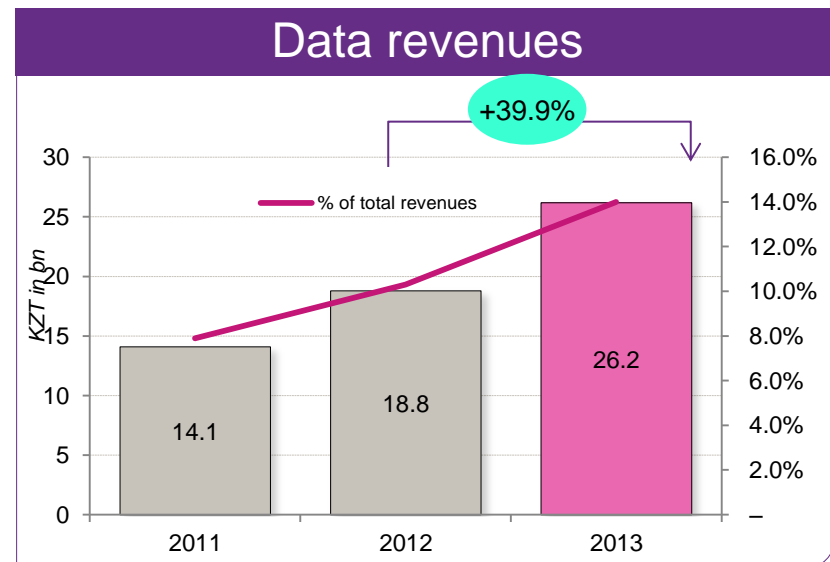
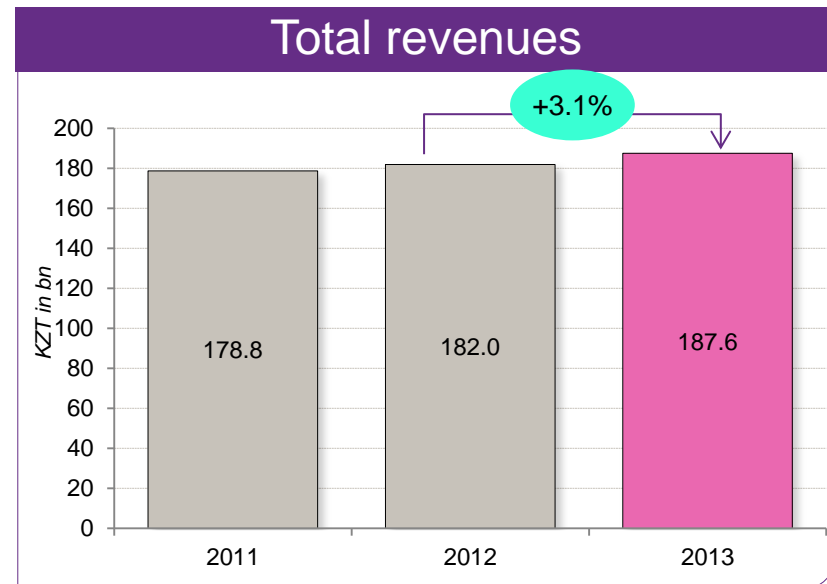
Net adds and churn rate



High Growth in Data

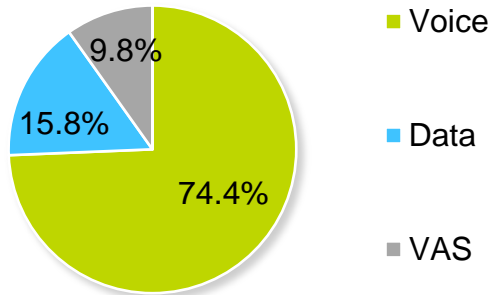


Revenue Full Year

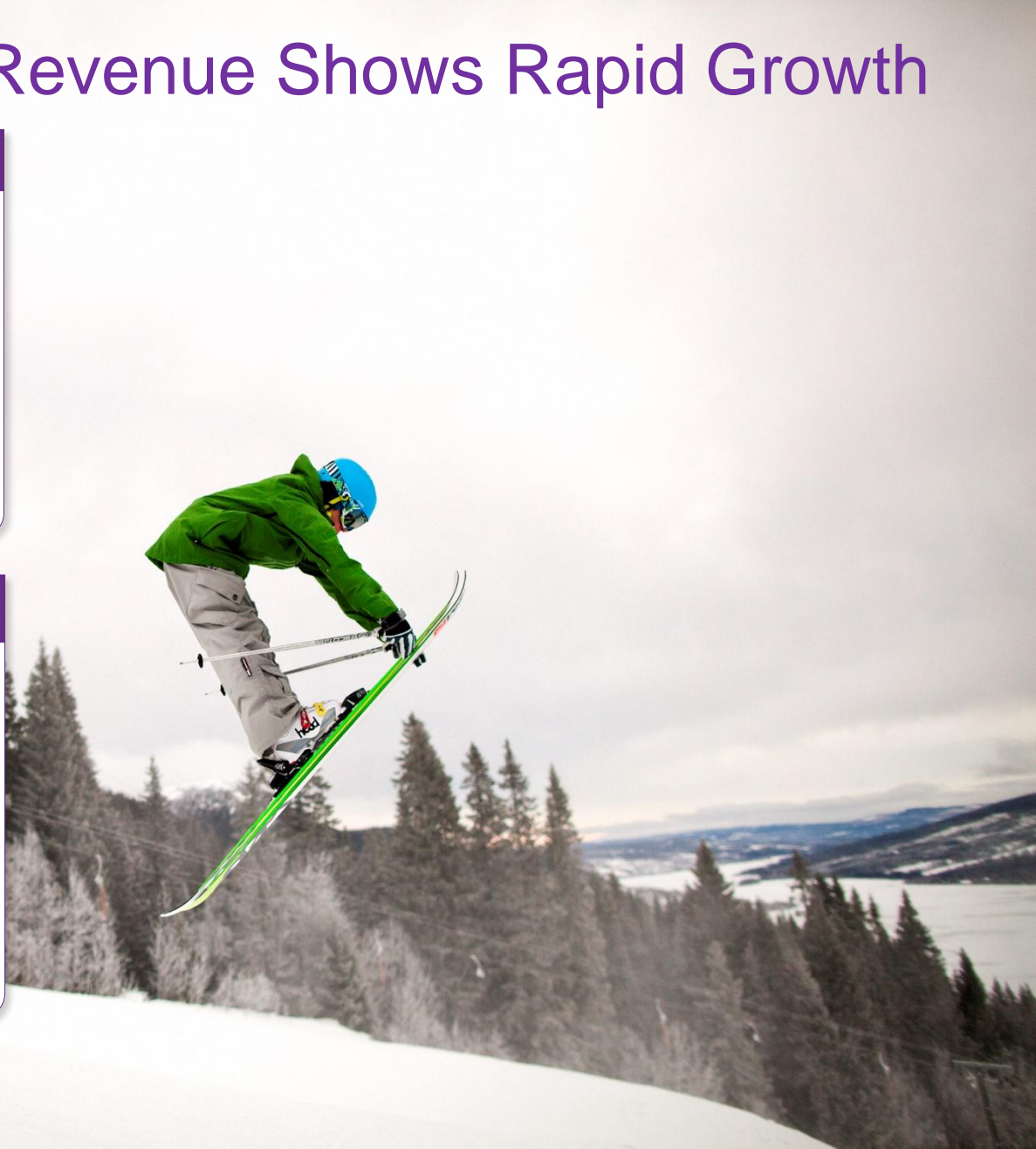
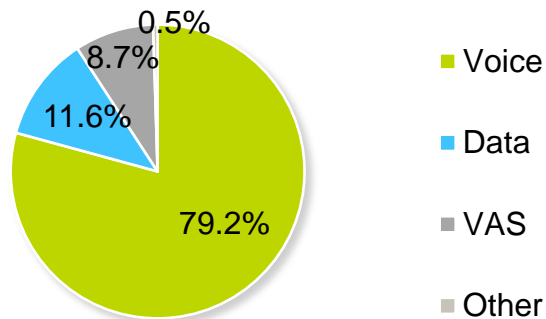


Non-Voice Revenue Shows Rapid Growth

Revenue split Q4 2013

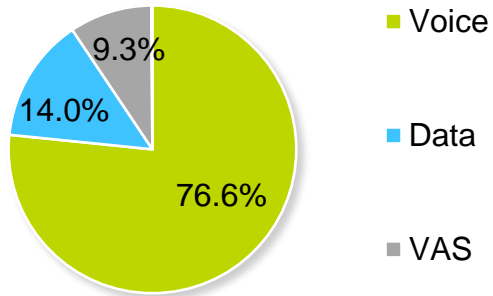


Revenue split Q4 2012

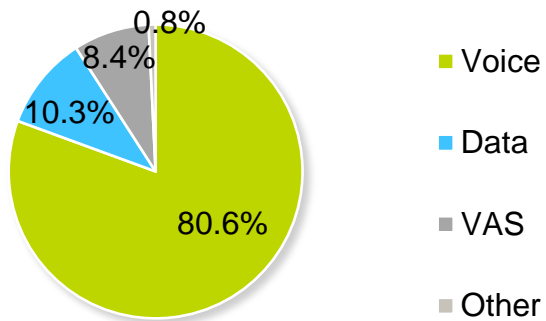


Full Year Revenue Composition

Revenue split 2013

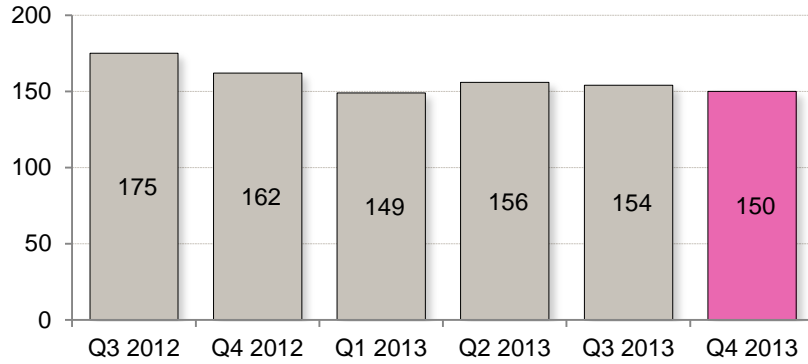


Revenue split 2012

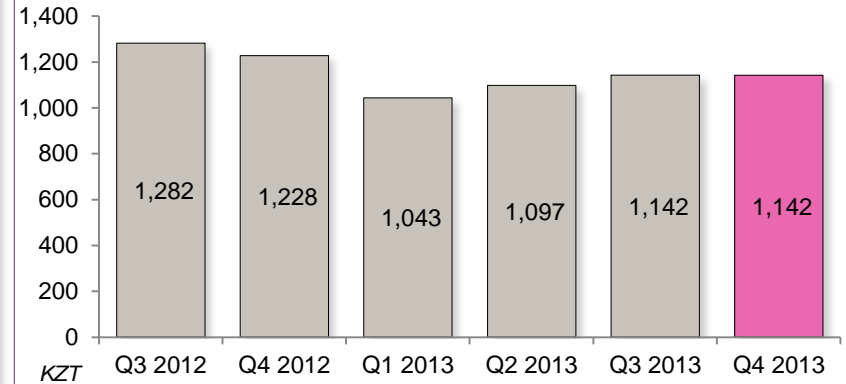


Voice Revenues

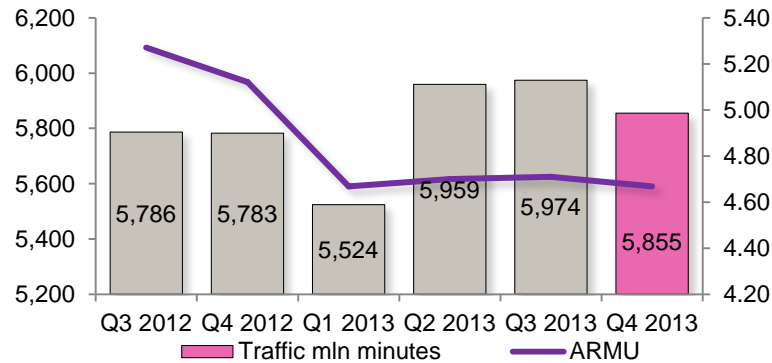
Minutes of Usage (MOU)



ARPU



Total traffic & ARMU in KZT



Financial Highlights Q4 and Full Year 2013

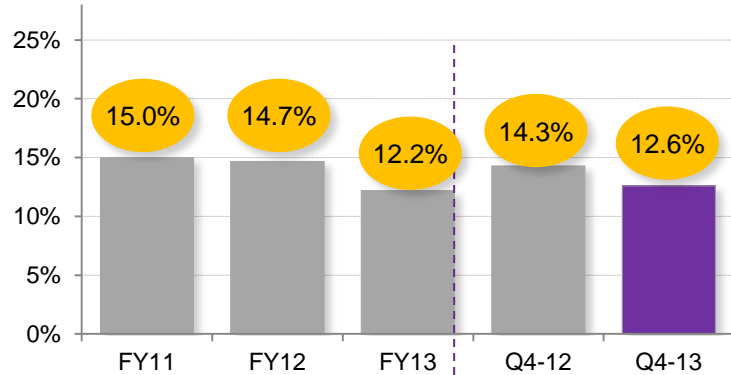
<i>KZT in millions, except per share data, number of shares and changes</i>	Q4 2013	Q4 2012	Chg (%)	YTD 2013	YTD 2012	Chg (%)
Revenues	49,526	48,900	1.3	187,599	182,004	3.1
EBITDA*	28,598	26,254	8.9	104,727	101,426	3.3
EBITDA margin (%)	57.7	53.6		55.8	55.7	
Operating income*	22,851	20,379	12.1	81,600	78,645	3.8
Net income	18,264	15,756	15.9	63,392	61,828	2.5
Earnings per share (KZT)	91.32	78.78	15.9	316.96	309.14	2.5
Free cash flow	19,773	18,361		80,743	61,203	

**excluding non-recurring items*



CAPEX-to-sales Ratio

CAPEX-to-sales ratio



- Continued 3G roll-out and network quality improvements
- Dual carrier development and promotion
- Strong focus on efficiency
- Feasibility studies of LTE and fiber

Robust Capital Structure

<i>KZT in millions</i>	Dec 31, 2012	Dec 31, 2013
Cash and equivalents	3,075	18,916
Gross financial debt	48,991	24,721
Reported net debt / (cash)	45,916	5,805
<i>LTM EBITDA</i>	101,426	104,727
<i>Implied net debt / EBITDA</i>	0.46	0.06
<i>Implied net debt / book value of equity</i>	0.69	0.06
Dividends declared but unpaid	8,000	-
Adjusted net debt / (cash)	53,916	5,805
<i>Implied Adj. net debt / LTM EBITDA</i>	0.53x	0.06
<i>Implied Adj. Net Debt / Book value of equity</i>	0.81x	0.06



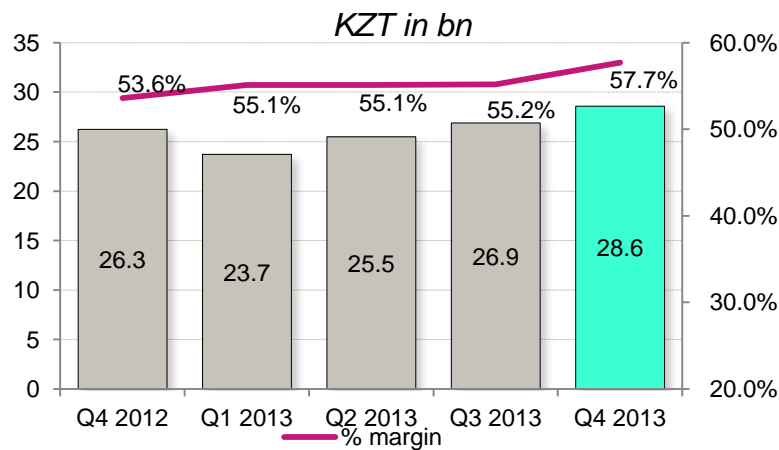
- Target leverage ratio (net debt / EBITDA) of 0.5-0.9x
- Net debt / EBITDA of 0.06 (as of Dec 31, 2013)
- Net debt / Equity of 0.06 (as of Dec 31, 2013)

Improved Margin Trend

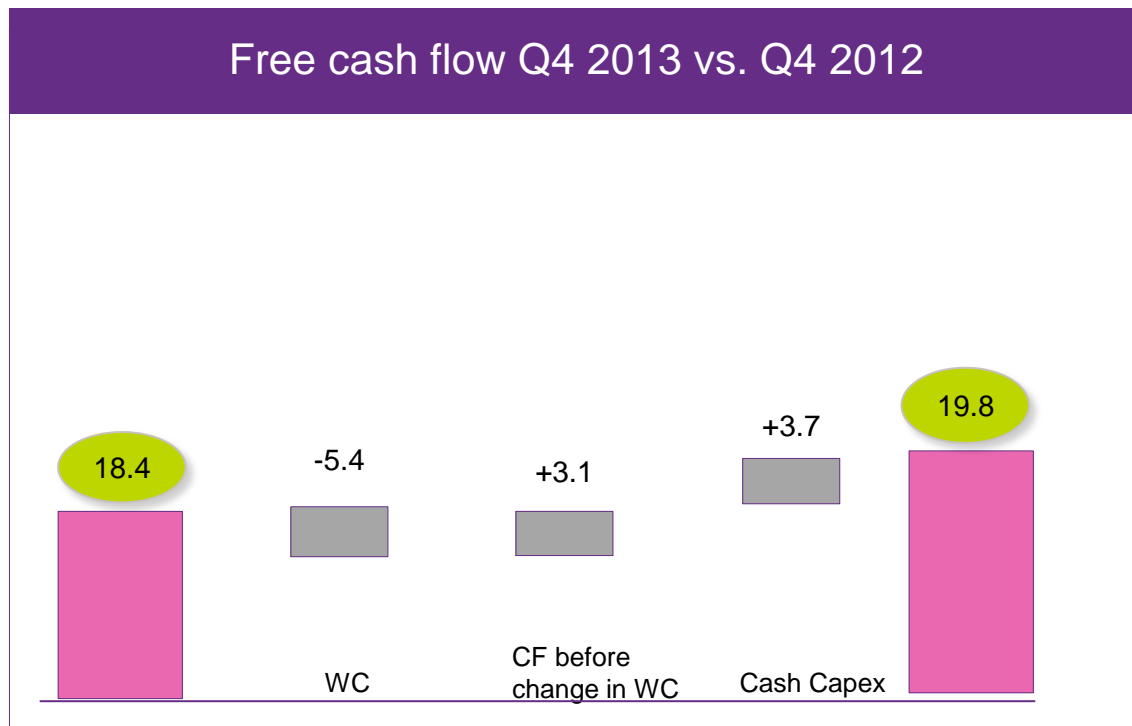
- EBITDA margin for FY 2013 of 55.8% vs. 55.7% in 2012
- EBITDA margin remained above 55% due to continuous focus on costs discipline and efficiency
- *Excluding non-recurring items*



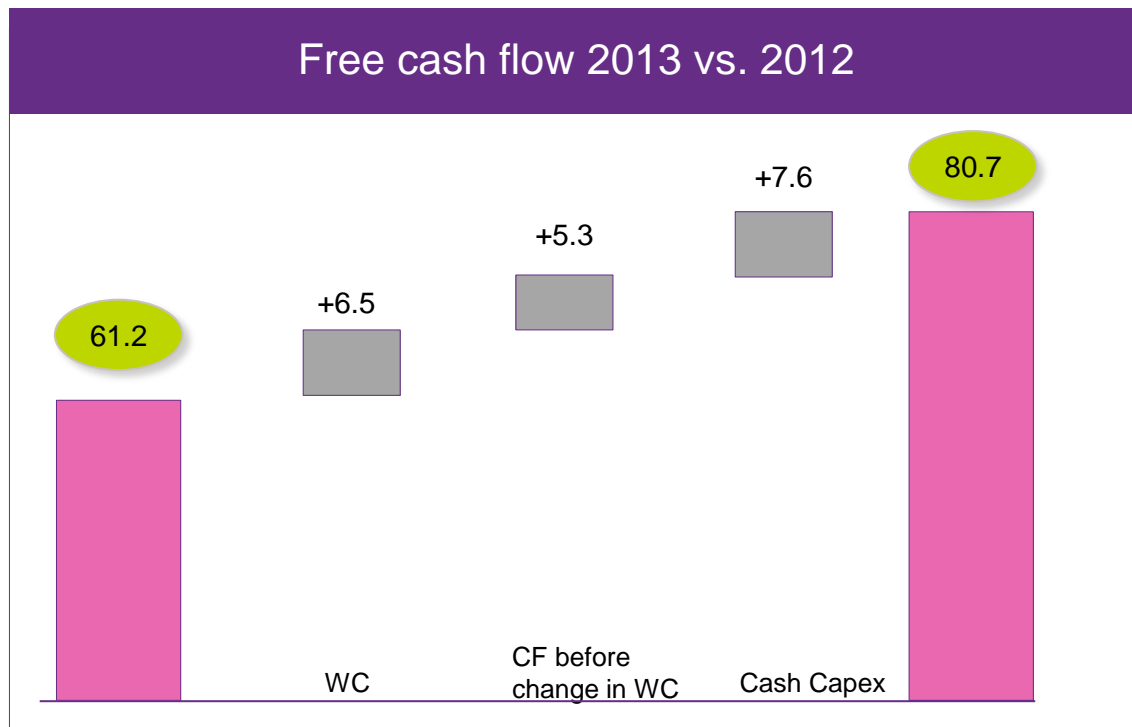
EBITDA development



Free Cash Flow Q4 2013 vs. Q4 2012



Free Cash Flow 2013 vs. 2012



Dividend Policy

- Dividend policy remains in place – pay out at least 70% of net income for 2013 in dividends
- Dividend amount , record date, and payment date to be approved by AGM scheduled for Q2 2014

Regulatory overview

Interconnect regime and MTRs regulation

- Ministry of Transport and Communication (MTC) has a right to regulate interconnection tariffs of operators included in the State register of dominant and monopoly entities and sets tariff caps.
- In October 2011 Kcell and KaR-Tel (VimpelCom) were included in the State register of dominant and monopoly entities.
- Kcell challenged the inclusion and was successful in excluding the Company from the scope of regulation for more than two years. However Kcell lost its appeals in the Supreme court and was included in the Register. Currently MTC conducts expertise of MTRs.
- According to the Memorandum signed by Kcell, KaR-Tel (Vimpelcom) and Mobile Telecom-Service (Tele2) in January 2014 MTR were reduced from KZT 13.02 (excl. VAT) per min to KZT 11.1 (excl. VAT) per min.

Regulatory overview

RK Agency for Competition Protection (ACP) Investigations

Smart Connect campaign and Daily unlimited tariff plan

- The ACP initiated 2 investigations into alleged violation by Kcell of the anti-monopoly law with respect to the “Always Available” service and “Daytime unlimited” tariff plan.
- The Company disputes these allegations and will protect its rights in Court.
- Potential fines: In view of recent changes to the legislation the Company's view is that the fine (if applicable) should only be applied to the revenue received from the zone of violation not on total revenue from voice services as claimed by the ACP.

Regulatory overview

Tariff caps set by Ministry of Transport & Communications (MTC)

- In January 2013 MTC issued an order requiring lowering maximum tariff prices (approx. 15-20% decrease).
- The Company challenged the order and courts of 3 instances have ruled in favor of the Company.
- MTC has a right further to appeal to the Supreme Court or conduct new correct expertise and regulate prices based on it.

Q&A



Income Statement

<i>KZT in millions, except per share data, number of shares and changes</i>	Q4 2013	Q4 2012	Chg (%)	YTD 2013	YTD 2012	Chg (%)
Revenues	49,526	48,900	1.3	187,599	182,004	3.1
Cost of sales	-20,337	-20,687	-1.7	-79,469	-76,291	4.2
Gross profit	29,189	28,212	3.5	108,130	105,712	2.3
Selling and marketing expenses	-4,042	-5,087	-20.5	-16,614	-17,195	-3.4
General and administrative expenses	-2,115	-2,922	-27.6	-10,017	-11,005	-9.0
Other operating income and expenses, net	-181	101		101	389	
Operating income	22,851	20,304	12.5	81,600	77,902	4.7
Finance costs and other financial items, net	-434	-601		-2,119	-516	
Income after financial items	22,417	19,703	13.8	79,481	77,386	2.7
Income taxes	-4,153	-3,947	5.2	-16,089	-15,558	3.4
Net income	18,264	15,756	15.9	63,392	61,828	2.5
Earnings per share (KZT), basic and diluted	91.32	78.78	15.9	316.96	309.14	2.5

Balance Sheet

<i>KZT in millions</i>	Dec 31, 2013	Dec 31, 2012
Assets		
Intangible assets	13,955	16,140
Property, plant and equipment	112,369	110,337
Other non-current assets	3,131	3,121
Total non-current assets	129,454	129,598
Inventories	499	978
Trade and other receivables	10,410	15,990
Cash and cash equivalents	18,916	3,075
Total current assets	29,825	20,043
Total assets	159,280	149,641
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	63,393	32,403
Total equity attributable to owners of the parent	97,193	66,203
Deferred tax liabilities	5,232	5,104
Other long-term liabilities	1,426	988
Total non-current liabilities	6,658	6,092
Short-term borrowings	24,721	48,991
Trade payables, and other current liabilities	30,708	28,355
Total current liabilities	55,429	77,346
Total equity and liabilities	159,280	149,641

Statement of Cash Flows

<i>KZT in millions</i>	Q4 2013	Q4 2012	YTD 2013	YTD 2012
Cash flow before change in working capital	25,923	22,801	90,639	85,324
Change in working capital	-4,710	687	7,417	863
Cash flow from operating activities	21,213	23,488	98,056	86,187
Cash CAPEX	-1,440	-5,127	-17,313	-24,984
<i>Free Cash Flow</i>	19,773	18,361	80,743	61,203
Cash flow before financing activities	19,773	18,361	80,743	61,203
Cash flow from financing activities	-6,050	-16,364	-64,902	-59,481
Cash flow for the period	13,723	1,998	15,841	1,722
Cash and cash equivalents, opening balance	5,193	1,077	3,075	1,353
Cash flow for the period	13,723	1,998	15,841	1,722
Cash and cash equivalents, closing balance	18,916	3,075	18,916	3,075

Forward-looking statements

Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Kcell.