

# Financial results for Q1 2013

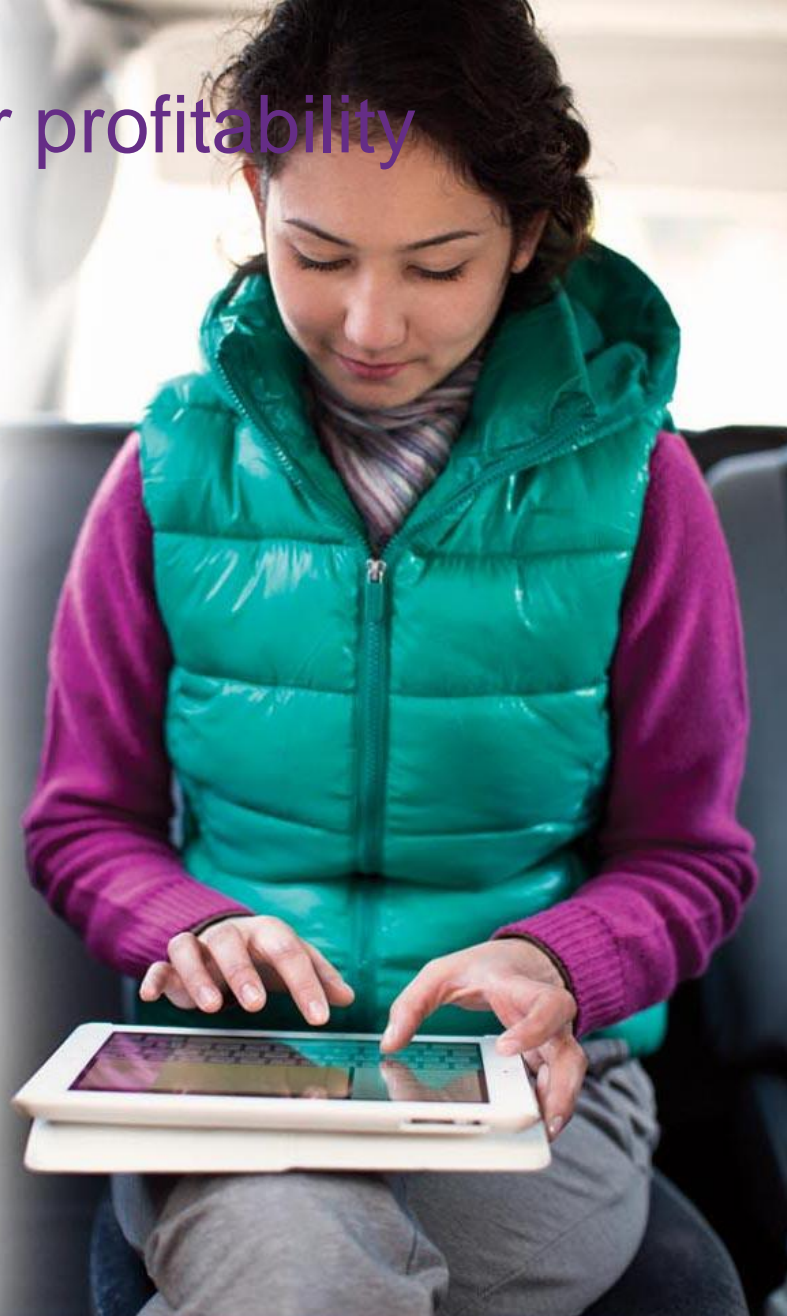
Veysel Aral, Chief Executive Officer  
Baurzhan Ayazbaev, Chief Financial Officer  
Kaspars Kukelis, Marketing Director  
Irina Shol, Investor Relations



# Continued to deliver superior profitability

- Net sales KZT 43,053m (41,397m)
  - Increase of 4.0% relative to Q1 2012
- EBITDA\* KZT 23,728m (23,454m)
  - Increase of 1.2%
- EBITDA margin\* 55.1% (56.7%)
  - Continuous focus on cost efficiency
- Earnings per share KZT 68.28 (66.63)
  - Increase of 2.5%
- Subscribers 13.8m (11.2m)
  - Increase of 23%

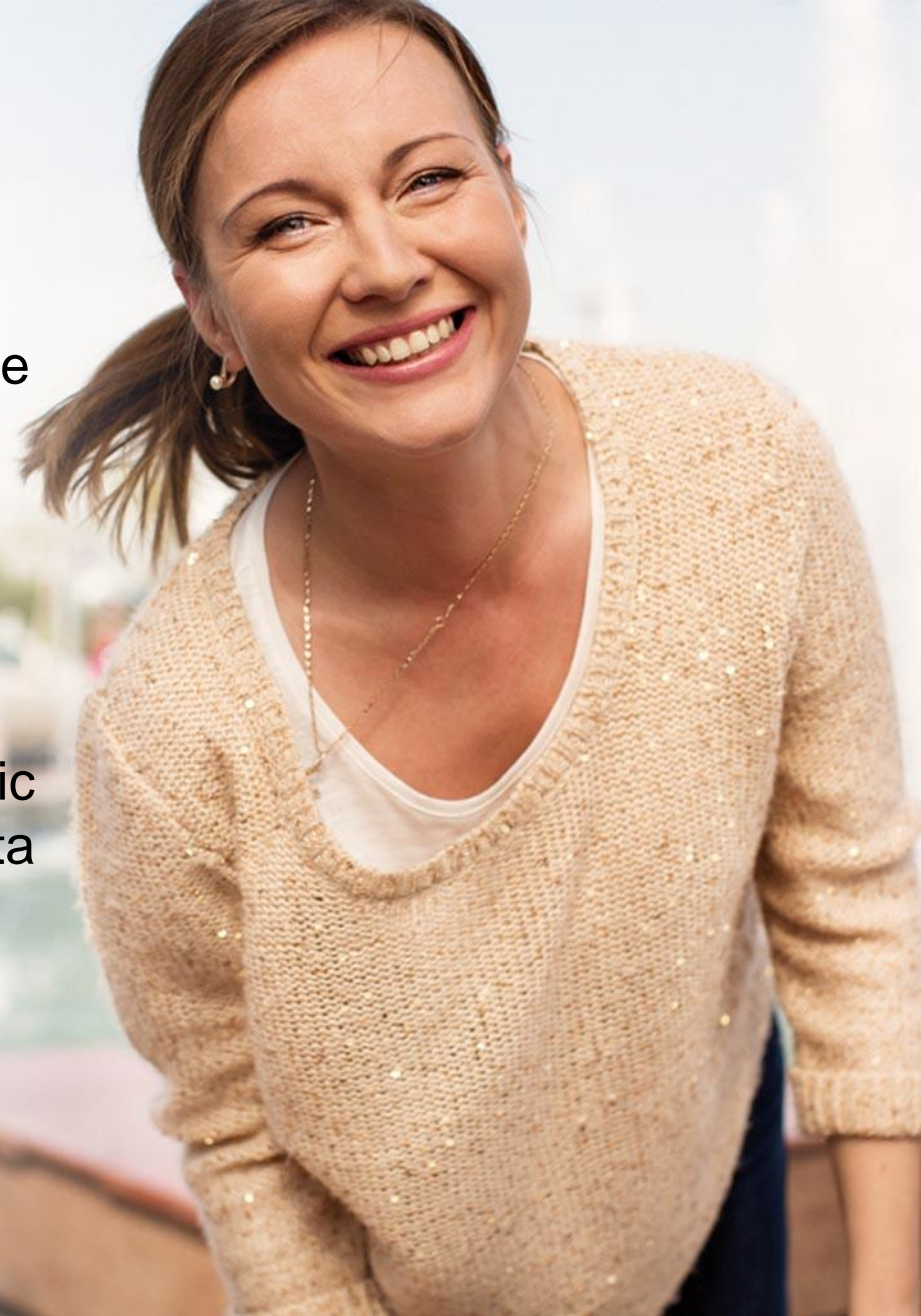
\* EBITDA excluding non-recurring items





# Key highlights Q1 2013

- We continued to deliver superior profitability despite the challenges we faced
- We continue to retain our strong leadership in the Kazakh mobile telecom market
- Continued importance of our strategic emphasis on the development of data services

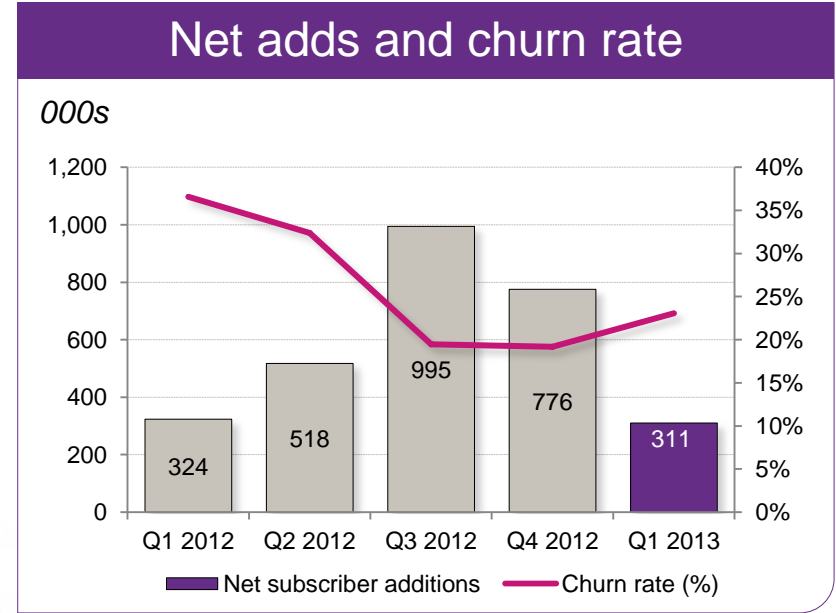


# Market update

- Ongoing price competition with Beeline and Tele 2
- LTE launched in Almaty & Astana by Altel
- Protection of leadership market share position in “strong” regions and increase in regions where we are #2
- Stimulation of mobile data adoption
- ARPU protection



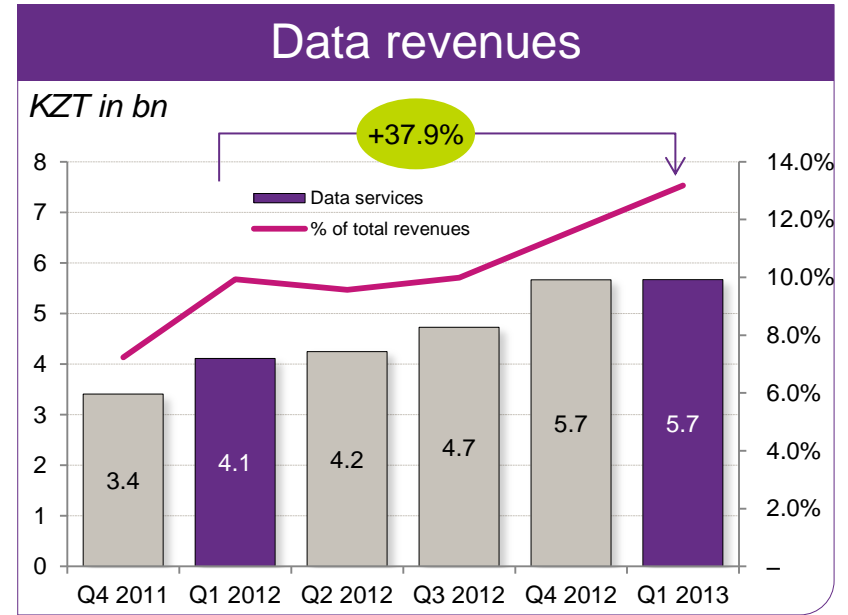
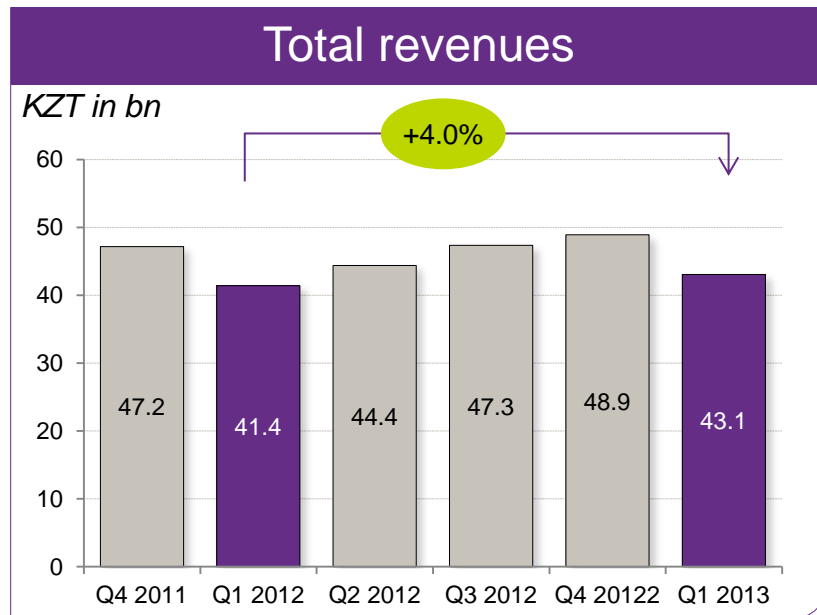
# Subscriber base is growing



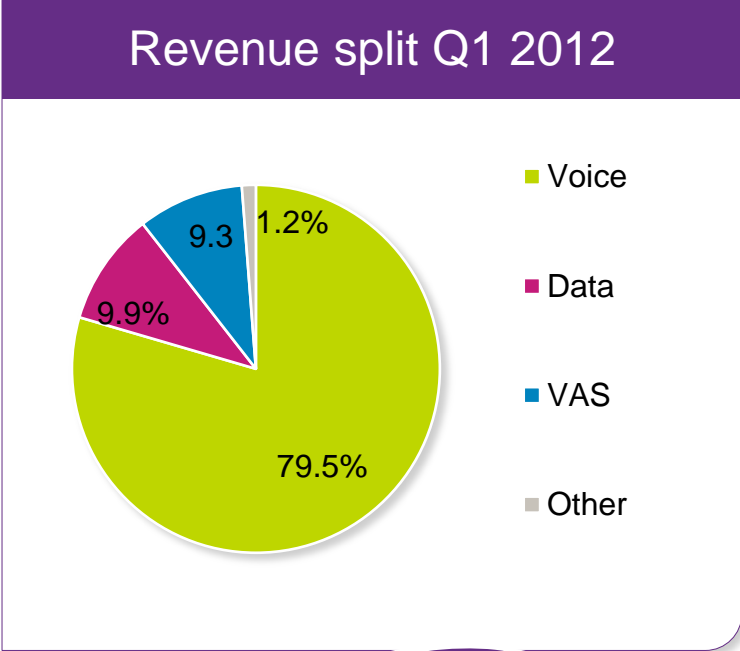
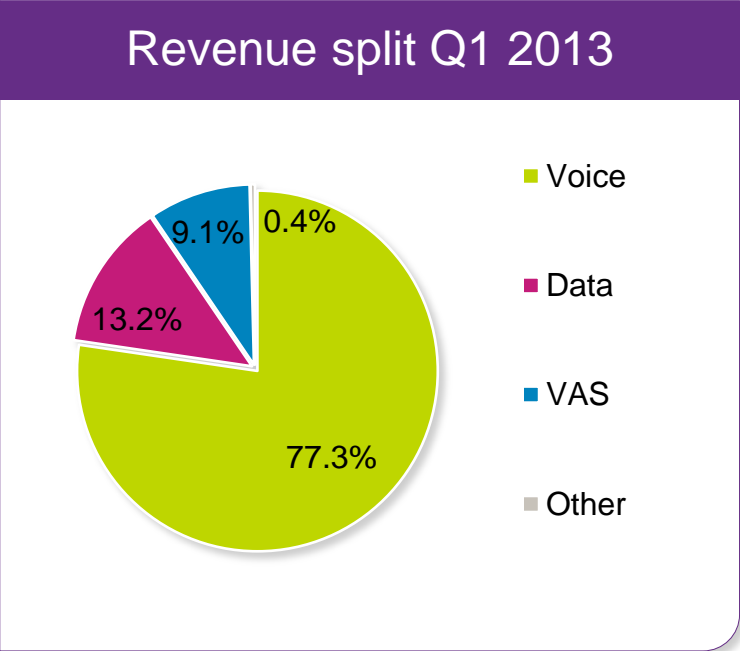
- Healthy growth in new subscribers, despite continued price competition



# Continued growth in revenues driven by high growth in the data segment

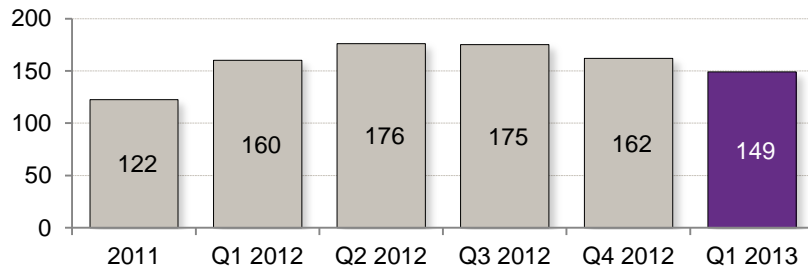


# The business is driven by voice while data is growing fast

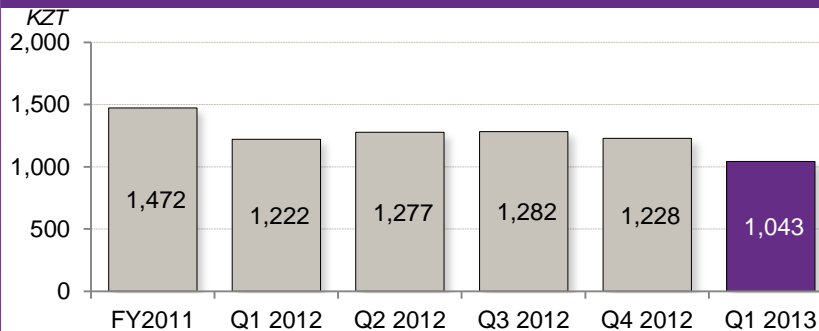


# Voice revenues

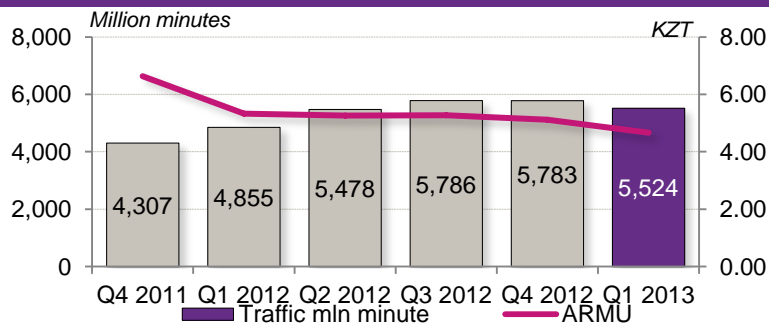
## Minutes of Usage (MOU)



## ARPU



## Total traffic & ARMU



- Voice revenues up 1.1% vs. Q1 2012, despite lower MOUs and ARPUs



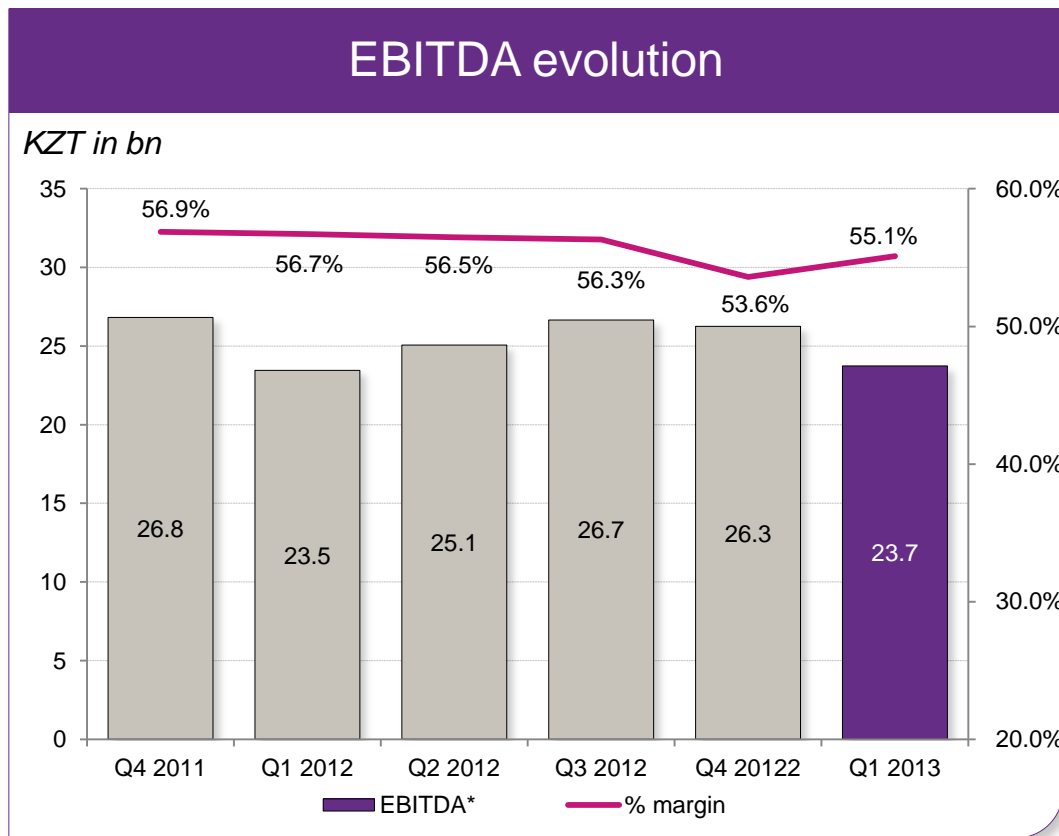


# Financial highlights – Q1 2013

<i>KZT in millions, except per share data, number of shares and changes</i>	<b>FY2012</b>	<b>Q1 2012</b>	<b>Q1 2013</b>	<b>Chg (%)</b>
Revenues	182,004	41,397	43,053	4.0
EBITDA	101,426	23,454	23,728	1.2
EBITDA margin (%)	55.7	56.7	55.1	
Operating income	77,902	16,555	17,956	8.5
Net income	61,828	13,325	13,656	2.5
Earnings per share (KZT), basic and diluted	309.14	66.63	68.28	2.5
Free cash flow	61,203	15,227	11,026	-27.6



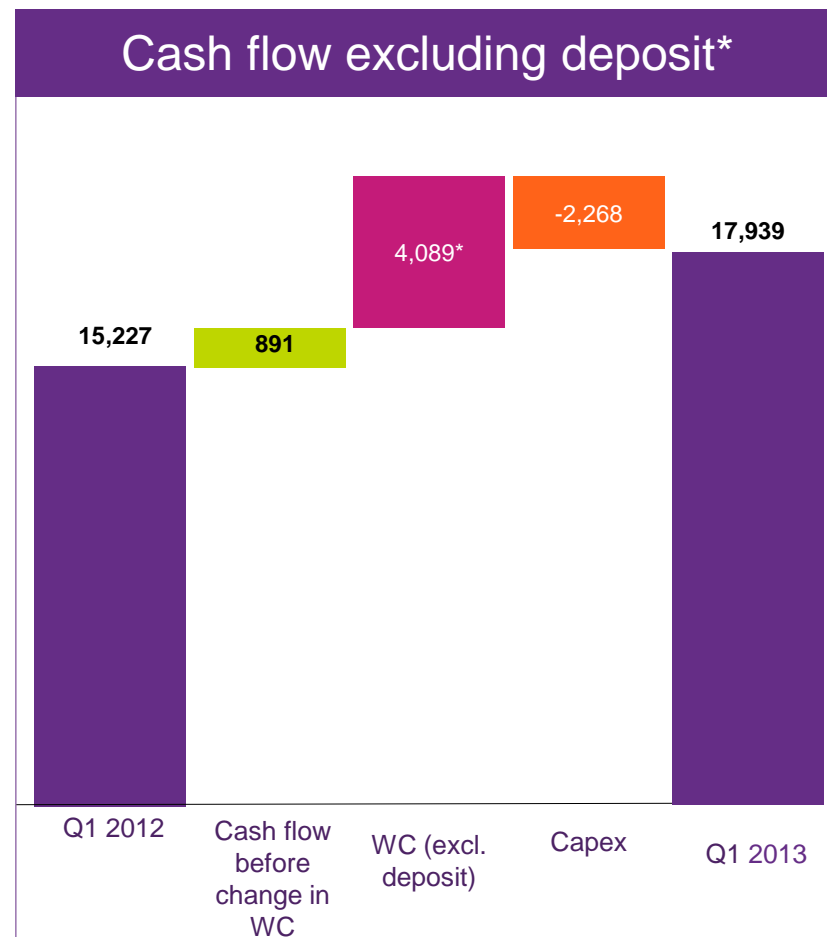
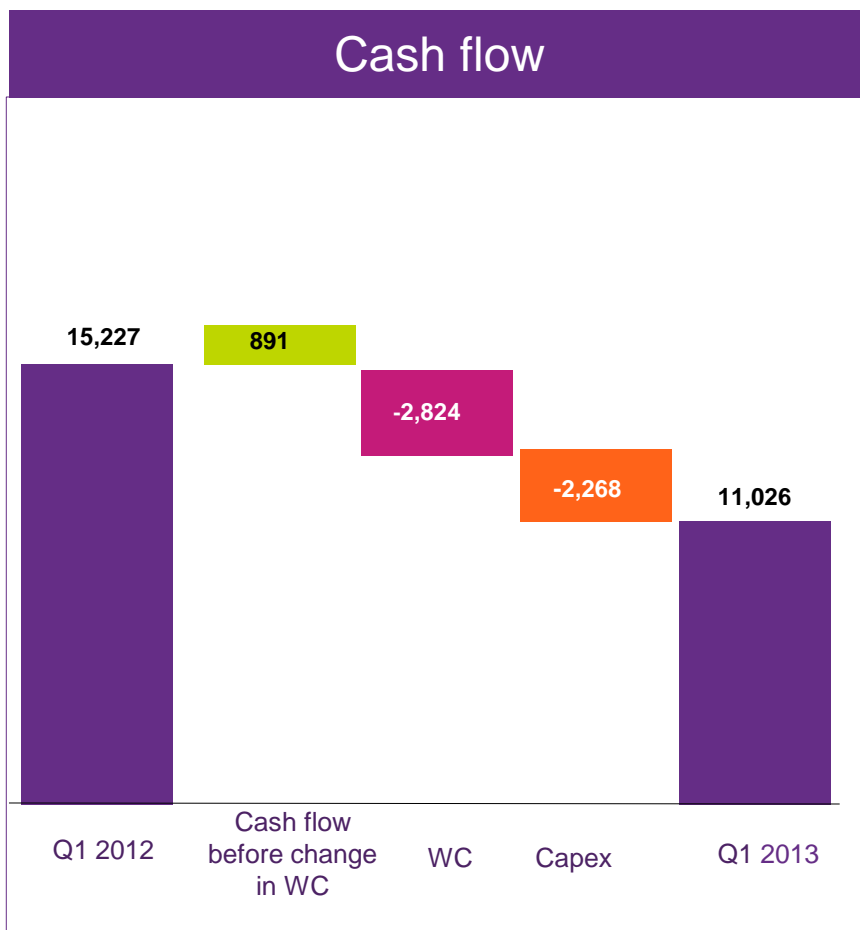
# EBITDA continues to grow. Margin remains stable



- EBITDA increased by 1.2 % relative to Q1 2012
- The EBITDA margin remained above 55 % due to our continuous focus on cost

\* Excluding non-recurring items

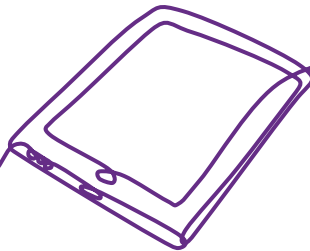
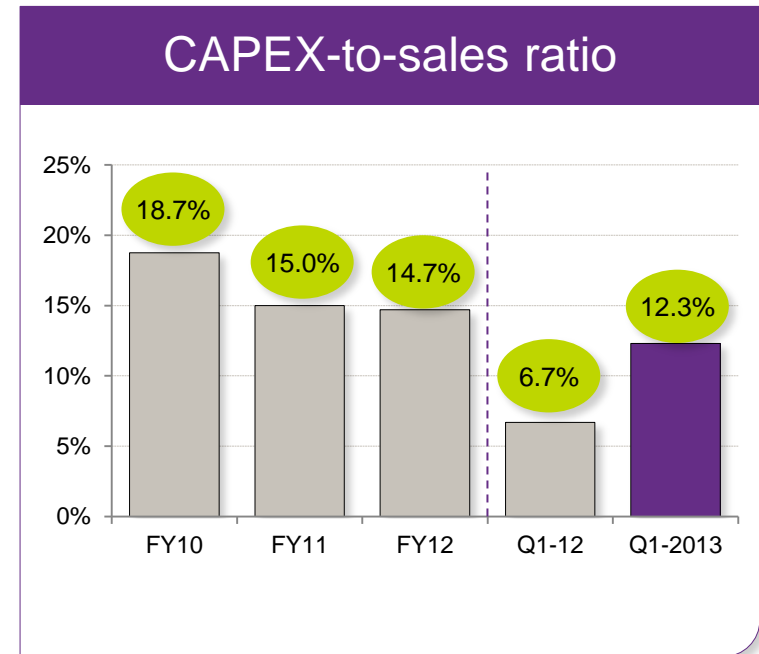
# Financial highlights – Q1 2013



\*Working capital change, excluding deposit of KZT6,913m classified as an other receivables under IFRS as of 31 March 2013.

# Capex program

- We continue to focus on 3G network roll-out in regions and network quality improvement
- We focused on capex spending efficiency





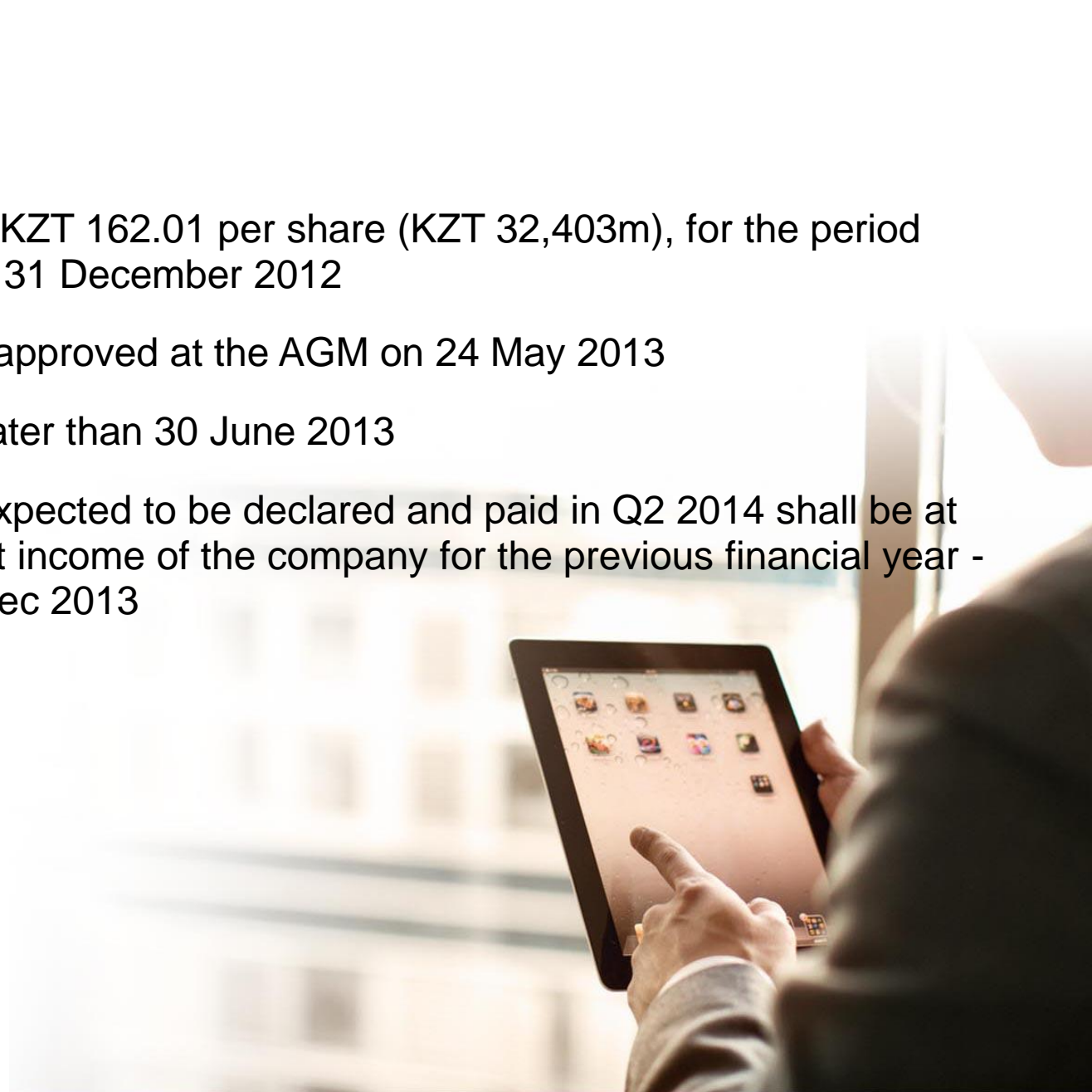
# Robust capital structure

<i>KZT in millions</i>	<b>Dec 31, 2012</b>	<b>Mar 31, 2013</b>
Cash and equivalents	3,075	2,151
Gross financial debt	48,991	44,772
<b>Reported net debt / (cash)</b>	<b>45,916</b>	<b>42,621</b>
<i>LTM EBITDA</i>	101,426	101,700
<i>Implied net debt / EBITDA</i>	0.46x	0.42x
<i>Implied net debt / book value of equity</i>	0.69x	0.53x
Dividends declared but unpaid	8,000	-
<b>Adjusted net debt / (cash)</b>	<b>53,916</b>	<b>42,621</b>
<i>Implied Adj. net debt / LTM EBITDA</i>	0.53x	0.42x
<i>Implied Adj. Net Debt / Book value of equity</i>	0.81x	0.53x

- Target leverage ratio (net debt / EBITDA) of 0.5-0.9x
- Net debt / EBITDA (as of March 31, 2011) was 0.42x

# Dividends

- Special dividend of KZT 162.01 per share (KZT 32,403m), for the period from 1 July 2012 to 31 December 2012
- Record date: to be approved at the AGM on 24 May 2013
- Payment date: no later than 30 June 2013
- Future dividends, expected to be declared and paid in Q2 2014 shall be at least 70% of the net income of the company for the previous financial year - 1 Dec 2012 to 31 Dec 2013



# Regulatory developments

- Regulator imposed the new threshold of maximum prices for on-net calls, off-net calls, mobile internet and off-net sms for Kcell & Beeline from 1 March 2013
- Antimonopoly regulation improvement clarification of 10% penalty rule



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# Income Statement

<i>KZT in millions, except per share data, number of shares and changes</i>	<b>FY2012</b>	<b>Q1 2012</b>	<b>Q1 2013</b>	<b>Chg (%)</b>
Revenues	182,004	41,397	43,053	4.0
Cost of sales	-76,291	-18,138	-18,627	2.7
<b>Gross profit</b>	<b>105,712</b>	<b>23,259</b>	<b>24,427</b>	<b>5.0</b>
Selling and marketing expenses	-17,195	-3,366	-3,896	15.7
General and administrative expenses	-11,005	-3,487	-2,641	-24.3
Other operating income and expenses, net	389	149	66	-55.7
<b>Operating income</b>	<b>77,902</b>	<b>16,555</b>	<b>17,956</b>	<b>8.5</b>
Finance costs and other financial items, net	-516	39	-612	
<b>Income after financial items</b>	<b>77,386</b>	<b>16,595</b>	<b>17,344</b>	<b>4.5</b>
Income taxes	-15,558	-3,269	-3,688	12.8
<b>Net income</b>	<b>61,828</b>	<b>13,325</b>	<b>13,656</b>	<b>2.5</b>
Earnings per share (KZT), basic and diluted	309.14	66.63	68.28	2.5

# Balance Sheet

<i>KZT in millions</i>	Dec 31, 2012	Mar 31, 2013
<b>Assets</b>		
Intangible assets	16,140	15,700
Property, plant and equipment	110,337	110,185
Other non-current assets	3,121	3,141
<b>Total non-current assets</b>	<b>129,598</b>	<b>129,027</b>
Inventories	978	849
Trade and other receivables	15,990	21,592
Cash and cash equivalents	3,075	2,151
<b>Total current assets</b>	<b>20,043</b>	<b>24,591</b>
<b>Total assets</b>	<b>149,641</b>	<b>153,618</b>
<b>Equity and liabilities</b>		
Share capital	33,800	33,800
Retained earnings	32,403	46,059
<b>Total equity attributable to owners of the parent</b>	<b>66,203</b>	<b>79,859</b>
Deferred tax liabilities	5,104	5,252
Other long-term liabilities	988	1,408
<b>Total non-current liabilities</b>	<b>6,092</b>	<b>6,660</b>
Short-term borrowings	48,991	44,772
Trade payables, and other current liabilities	28,355	22,327
<b>Total current liabilities</b>	<b>77,346</b>	<b>67,099</b>
<b>Total equity and liabilities</b>	<b>149,641</b>	<b>153,618</b>

# Statement of cashflows

<i>KZT in millions</i>	<b>FY2012</b>	<b>Q1 2012</b>	<b>Q1 2013</b>	<b>Chg (%)</b>
Cash flow before change in working capital	85,324	19,325	20,216	
Change in working capital	863	-1,103	-3,927	
<b>Cash flow from operating activities</b>	<b>86,187</b>	<b>18,222</b>	<b>16,289</b>	<b>-10.6%</b>
Cash CAPEX	-24,984	-2,995	-5,263	
<b>Total cash flow from investing activities</b>	<b>-24,984</b>	<b>-2,995</b>	<b>-5,263</b>	<b>75.7%</b>
<b>Cash flow before financing activities</b>	<b>61,203</b>	<b>15,227</b>	<b>11,026</b>	<b>-27.6%</b>
Cash flow from financing activities	-59,481	-12,216	-11,950	
<b>Cash flow for the period</b>	<b>1,722</b>	<b>3,011</b>	<b>-924</b>	
<b>Cash and cash equivalents, opening balance</b>	<b>1,353</b>	<b>1,353</b>	<b>3,075</b>	
Cash flow for the period	1,722	3,011	-924	
<b>Cash and cash equivalents, closing balance</b>	<b>3,075</b>	<b>4,364</b>	<b>2,151</b>	

# 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.