Kcell™

Fourth quarter and full year 2012

January 31, 2013

Section 1. Operational overview

Continued revenue growth and superior cash flow generation despite intensifying competition

- Subscribers of 13.5 million (10.850) [1]
  - increase of 24.1% or 2.6 million
- Revenues of KZT182,004 million (178,786)
  - increase of 1.8% and increase of 3.7% if adjusted for one-off phone campaign impact
  - Q4 2012 vs Q4 2011 revenues increase of 3.7% and increase of 11.8% if adjusted for one-off phone campaign impact
- EBITDA[2] of KZT101,426 million (105,794)[2]
  - decrease of 4.1%
  - EBITDA margin of 55.7%
  - EBITDA margin excluding interconnect remains largely flat at 65.4%
- Free cash flow of KZT61,203 million (54,108)
  - increase of 13.1%
- Proposed dividend of KZT162.02 per share totalling KZT32,403 million to be declared in Q2 2013
  - equivalent to 100% of net income for the period from July 1, 2012 to December 31, 2012

Notes:
(1) January–December 2011 numbers presented in brackets
(2) Excluding non-recurring items

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Key milestones in 2012

February
- TeliaSonera completes the acquisition of a 49% stake in Kcell, increasing its effective ownership to 86.9%

August
- Reorganisation of "GSM Kazakhstan OAO Kazakhstan" LLP into Kcell Joint Stock Company

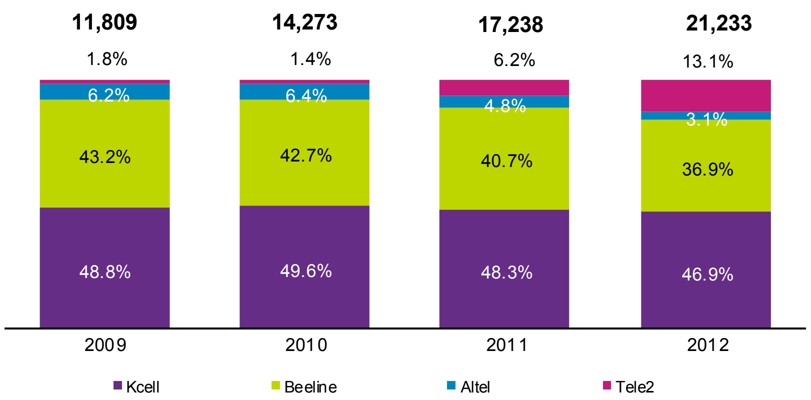
November
- New Board of Directors formed with two independent Directors coming on board

December
- Successful completion of the GDR offering on LSE and common shares offering on KASE with TeliaSonera reducing its effective ownership to 61.9%
- TeliaSonera meets conditions to complete its acquisition of the WiMax Operations of Alem communications and an indirect minority investment into KazTransCom—Kcell to have full access to these businesses upon completion
- MoU stipulating a phased reduction of MTRs, agreed by the three mobile operators, is approved by the Prime Minister of Kazakhstan

#1 operator in Kazakhstan

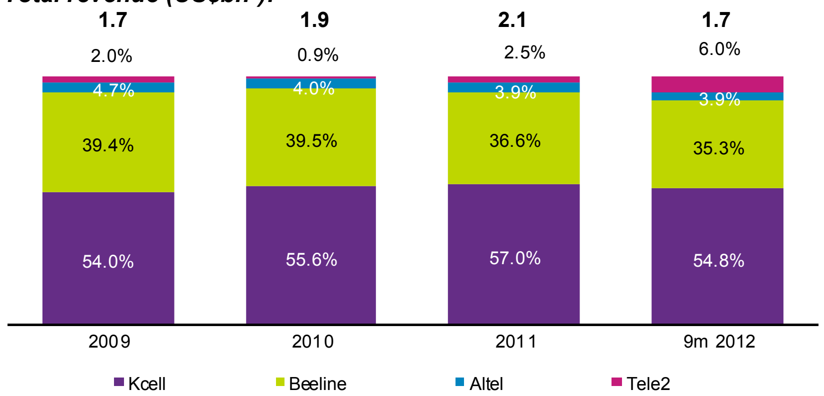
Sustainably high subscriber market share[1]…

Total subscribers ('000)[1]:



…coupled with increasing revenue market share

Total revenue (US$bn[2]):

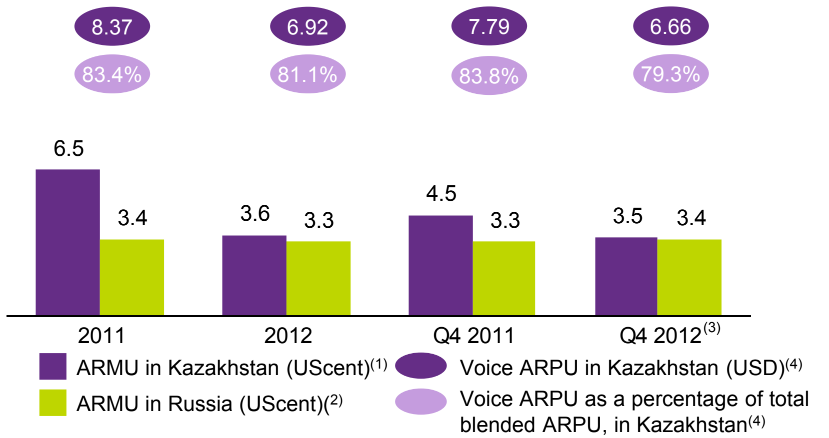


- ✓ Ability to access all segments:
  - #1 player in the high-value customer segment
  - #1 player in the corporate segment
  - extensive coverage of mass market
- ✓ Successfully defended subscriber and revenue market share despite Tele2 entry
- ✓ Top quality services allowing for premium ARPU and indisputable and strengthening leadership by revenue market share
- ✓ Best placed to exploit economies of scale and disproportionate shape of economic benefits

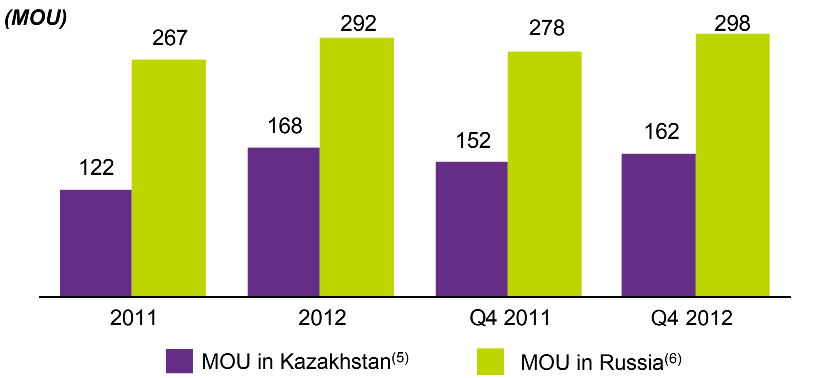
Source: Company information, Kazakhtelecom, VimpelCom and Tele2 filings.
(1) Subscriber market share and total market subscribers as per company information, based on "1-month activity rule".
(2) Applied KZT/US$ exchange ratio of 146.6.

Mobile market is still driven by voice in Kazakhstan…

Voice pricing evolution



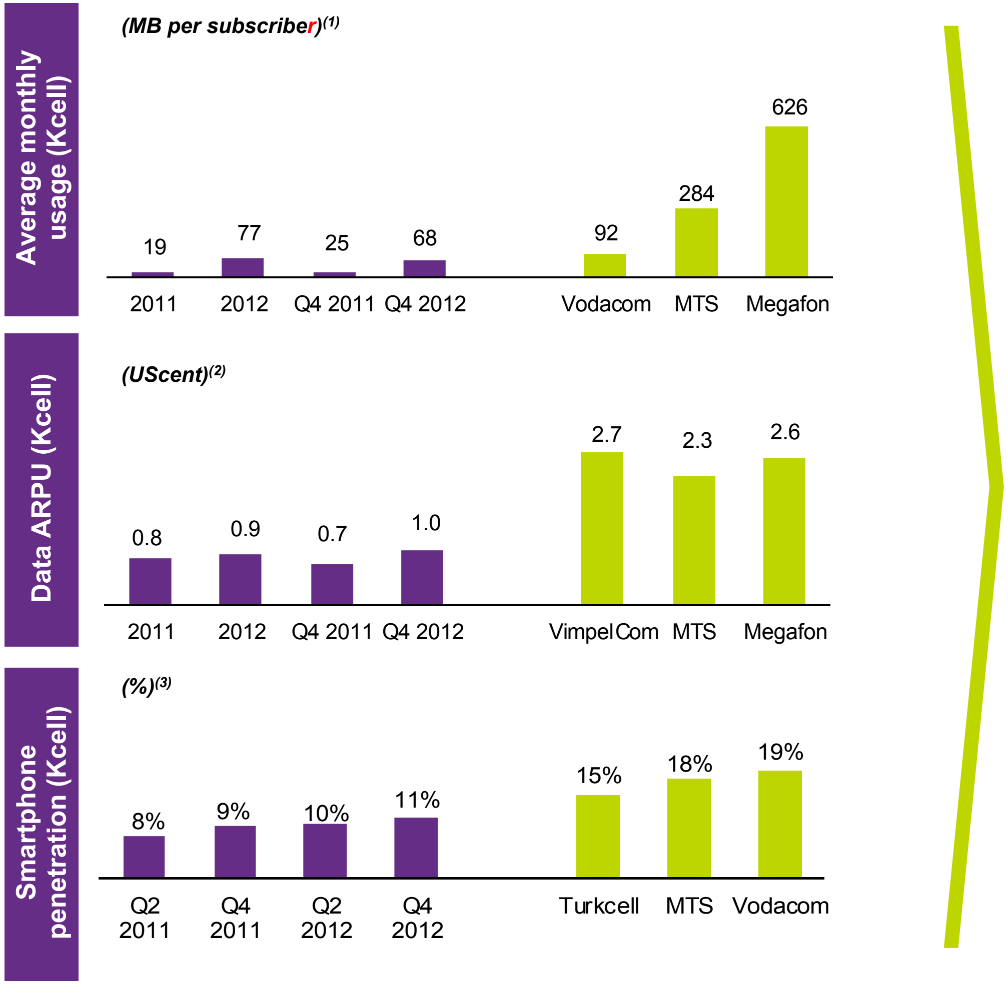
Voice mobile traffic



- Voice remains the key segment
  - 2G is still the most widely deployed technology
  - 3G roll-out continued throughout 2011-2012
  - LTE network was launched in Almaty and Astana under Altel4G brand in Dec 2012. Altel, subsidiary of Kazakhtelecom who was granted the only 4G license by Government in 2011
- Tele2 entered the market in 2010 when it bought a controlling stake in NEO, which was re-launched in 2011 under the Tele2 brand
- ARMU impacted by competition
  - ARMU fell from UScent9.2 in 2009 to UScent3.6 in 2012[1]
  - Lower ARMU to drive higher usage, with MOU from 92 in 2009 to 168 in 2012[4]
- Potential upside in volume compared to Russia
  - MOU of 168 in Kazakhstan in 2012[4] vs. 292 in Russia average in Q1-Q3 2012[5]
  - Trends continued in 2012, with ARMU down to UScent3.6 (KZT5) and MOU up to 168 in Kazakhstan

Source: Company information, MTS, VimpelCom and Megafon filings. Figures for Kcell based on "6-month activity rule"
(1) Based on Kcell's outgoing blended ARMU
(2) Based on MTS's ARMU for the Russian market, (Q1-Q3'12) converted applying an exchange rate of RUB/KZT of 4.34., KZT / USD rate of 146.6
(3) Based on Q3 2012 for ARMU in Russia
(4) Based on Kcell's ARPU.
(5) Based on Kcell's MOU.
(6) Based on average of Megafon, MTS, VimpelCom for the Russian market, as reported by each operator for full-year results (Q1-Q3 average data, data for full 2012 not available yet); based on Q3 2012 average of Megafon, MTS and VimpelCom for Q4 2012

…with data representing an opportunity for growth



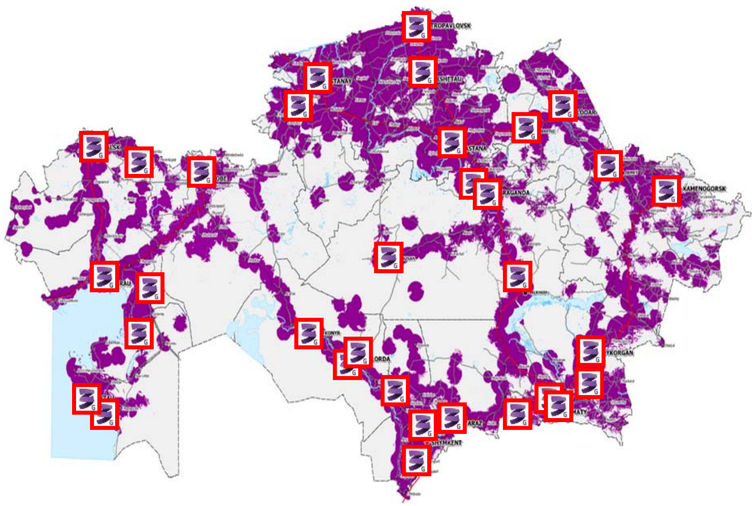
- Data market still in early stage in Kazakhstan
- Data consumption and data ARPU growing between 2009 and 2012 with further potential upside
- Smartphone penetration remains low, translating in potential for future growth
  - Development of enhanced mobile audio / video content, apps (e.g. Kcell tube, Simfonia) to improve users' experience and increase data consumption

Source: Company information
(1) As per company information, calculated on the number of data users. Based on "6-month activity rule"
(2) Data ARPU calculated on the number of total subscribers based on "6-month activity rule"
(3) Smartphone penetration as percentage of smartphone on total mobile phones that Kcell recognizes on its network

Superior network

Strong network coverage[1]

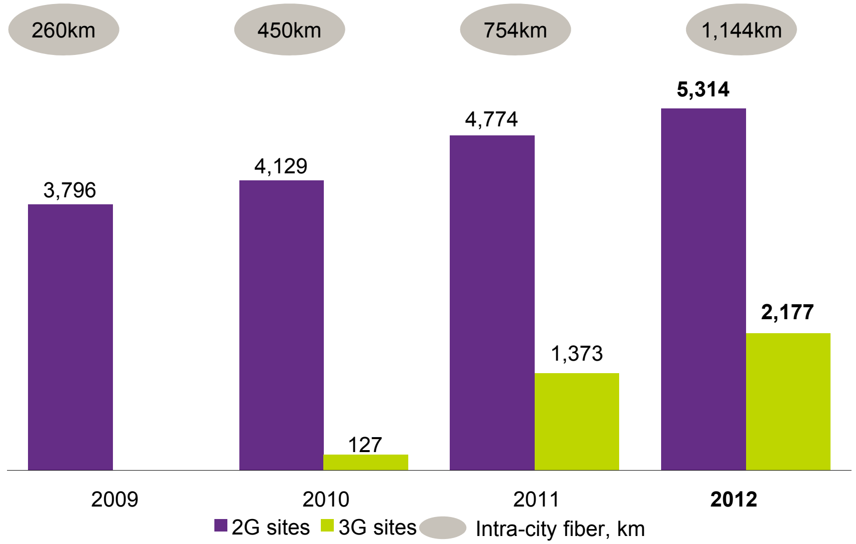
Snapshot of the Kcell network[2]



Cities in 3G coverage

- Extensive coverage**: 95.4%** of the population and **46.2%** of the territory
- Well invested network (**cumulative CAPEX of US$0.71bn since 2009**)
- Transmission contracts on attractive terms with Kazakhtelecom and Kaztranscom

Snapshot of the network



- Available spectrum that could be used for TDD / LTE
- Additional WiMAX/LTE compatible frequencies and backbone capacity as a result of recent acquisitions by TeliaSonera

Source: RND report.
Note: Applied KZT/US$ exchange ratio of 146.6.
(1) The coverage map was prepared taking into account -104 dBm.
(2) As of 31 December 2012.

Section 2. Financial overview

Financial highlights—Q4 2012

(KZTm)	Q4 2012	Q4 2011	Change, %
Revenues	48,900	47,154	3.7
EBITDA	26,254	26,819	(2.1)
EBITDA margin (%)	*53.7*	*56.9*	
Operating income	20,304	20,917	(2.9)
Net income	15,756	16,598	(5.1)
EPS (KZT)	78.78	82.99	(5.1)
Free cash flow	18,361	11,422	60.8

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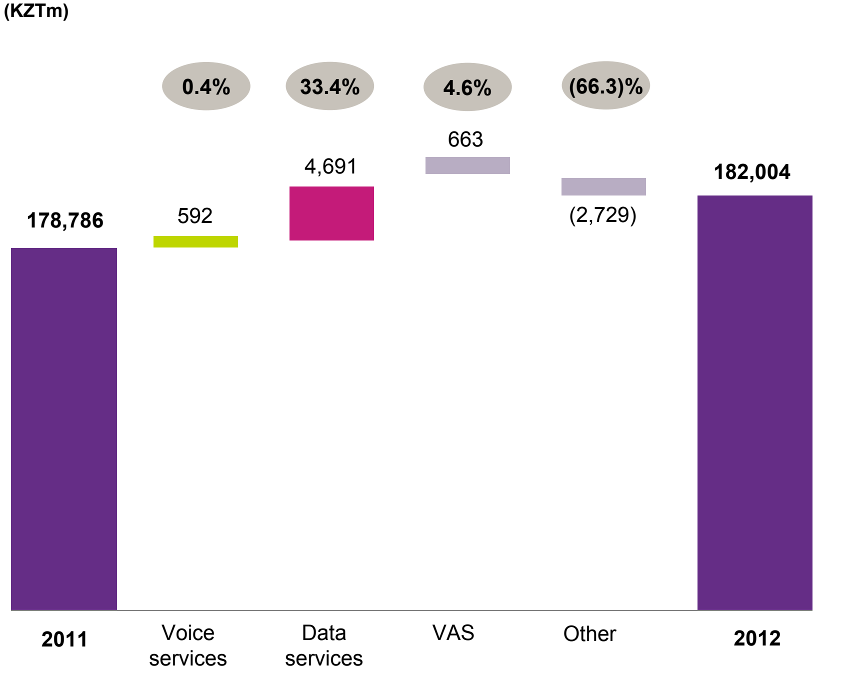
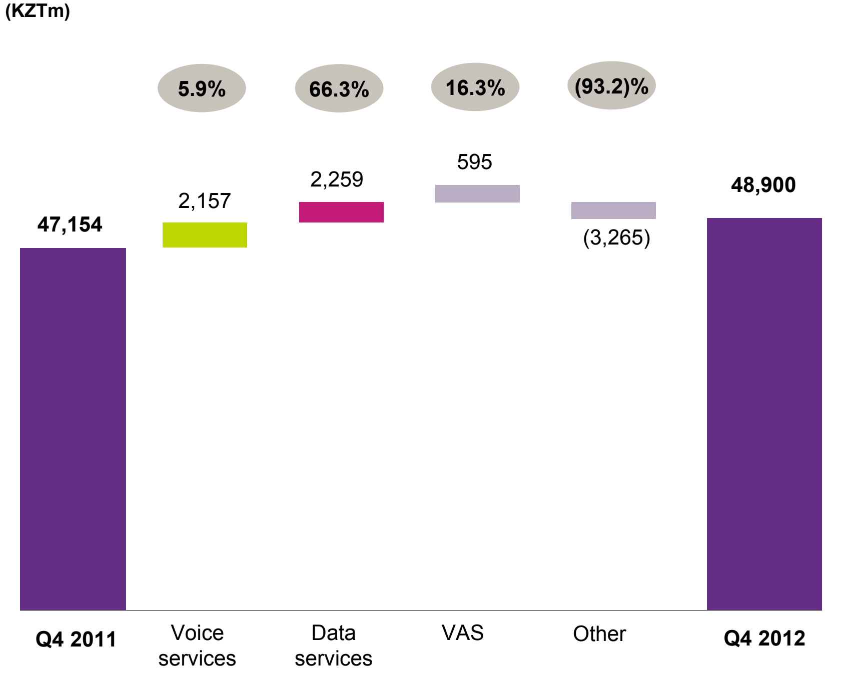
Financial highlights—revenues

2012 vs 2011



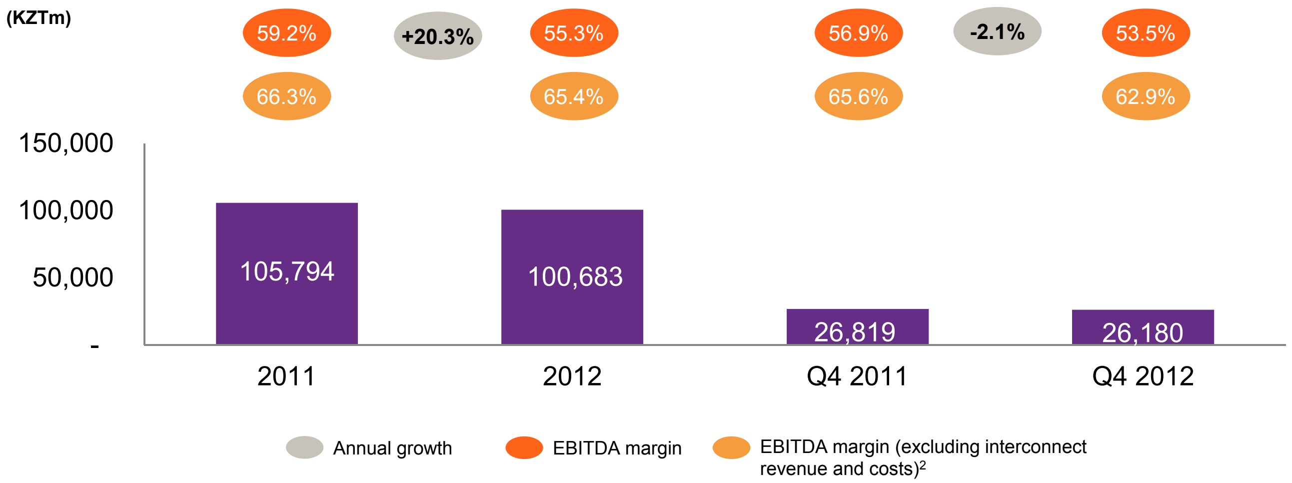
Q4 2012 vs Q4 2011



- 2012 revenues impacted by tougher competition due to Tele2 market entrance and 2012 adverse regulatory changes
  - prices have been adjusted and competitive
  - significant regulatory actions behind
  - MTRs were agreed for the next 3 years, effective from 26 December 2012

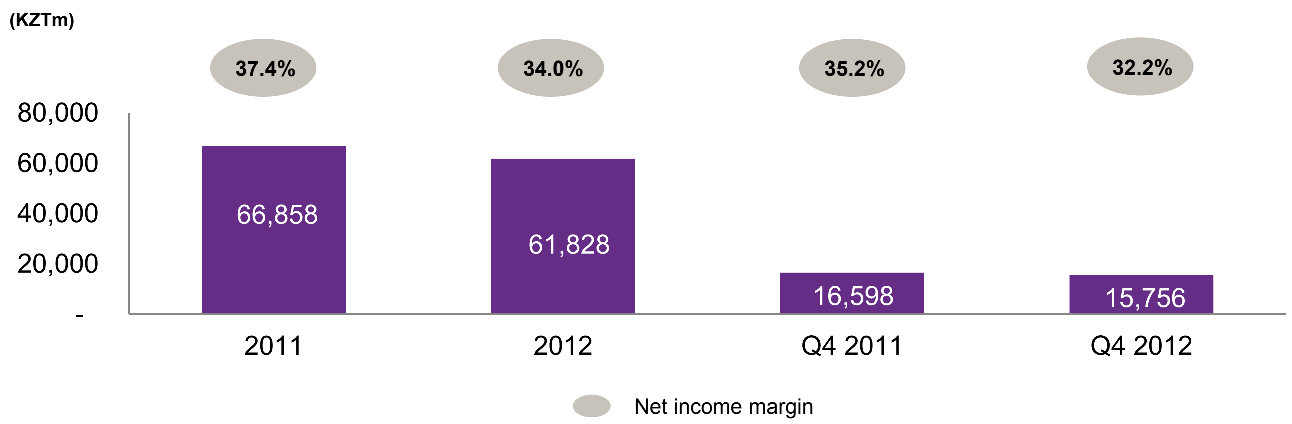
Financial highlights—EBITDA, net income

EBITDA



- ✓Superior margins due to scale and cost control
- ✓EBITDA margin dilution as a result of increasing contribution of interconnection revenues, increasing off-net traffic

Net income



- ✓ Net income margin amongst the highest in the industry driven by low level of debt and modest tax rate

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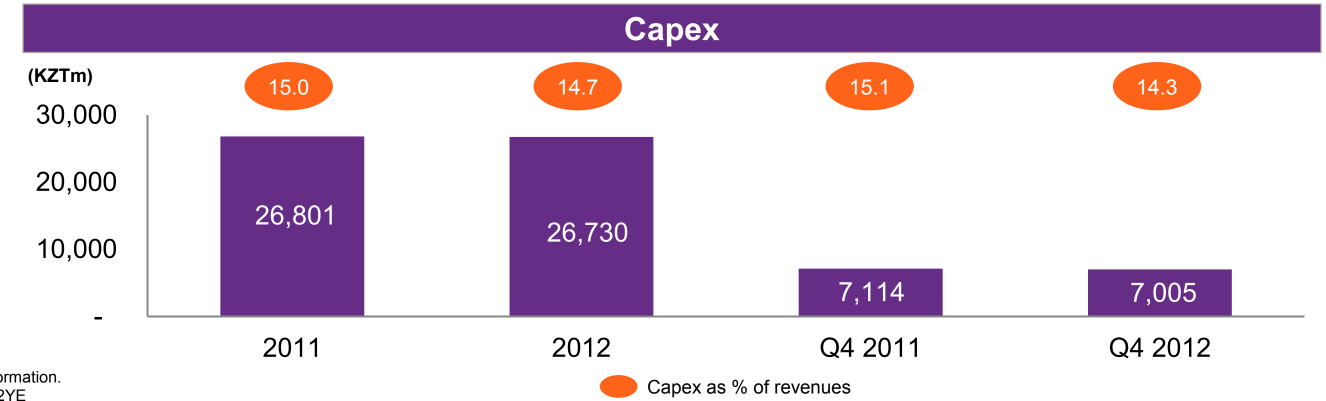
Well-invested state-of-the-art infrastructure network

- 95.4% population coverage
- Most extensive coverage of the territory among the mobile operators present in Kazakhstan(1)
- Continuing roll-out / investments: wide deployment of 2G, continuous roll-out of 3G and on-going testing of 4G
- Cost optimized roll-out of 3G, deployed in co-location with 2G sites
- Advantageous long-term fibre-optic transmission agreements with Kazakhtelecom



Source: Company information.
Note: (1) As of 2012YE

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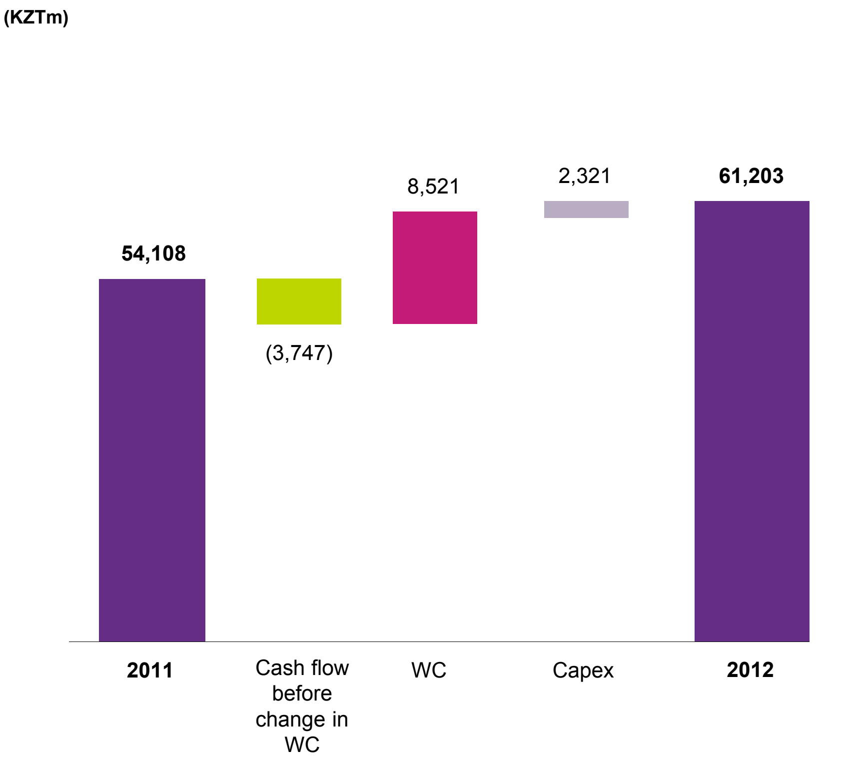
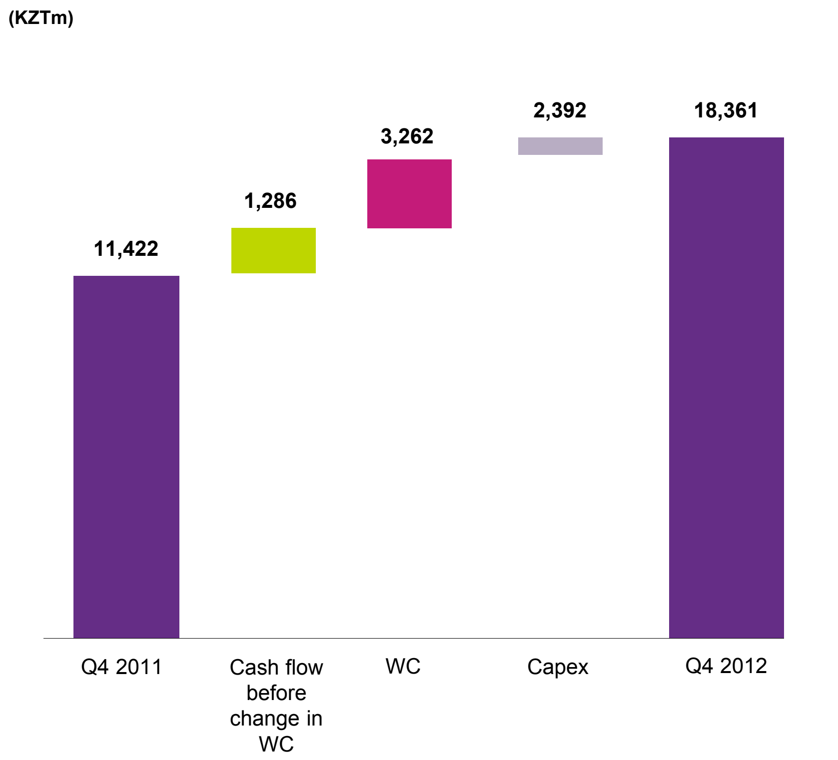
Financial highlights—free cash flow

2012 vs 2011



Q4 2012 vs Q4 2011



- Industry-leading cash conversion reflecting strong profitability and historically well invested network requiring lower levels of additional capital expenditures
- 2012 capex large in line with historical trends
- Free cash flow increase primarily due to movements in working capital

Net debt adjustment

Adjustments

(KZT in billion)

As of December 31, 2012	
Cash and equivalents	3,075
Gross financial debt	48,991
Reported net debt / (cash)	**45,916**
Implied Net debt / LTM EBITDA	*0.45x*
Implied Net debt / Book value of equity	*0.69x*
Dividend declared but unpaid	8,000
Adjusted net debt / (cash)	**53,916**
Implied Adj. Net debt / LTM EBITDA	*0.53x*
Implied Adj. Net debt / Book value of equity	*0.81x*

Source: Company filings

Capital structure and dividend policy

Dividend policy

Ordinary dividend shall be at least 70% of the net income of the Company for the previous financial year

A special dividend is expected to be declared in Q2 2013 and paid as of a record date to be set within the second quarter of 2013. The Company intends to pay KZT 32,403 million, representing 100% of the 2012 net income
generated from July 1, 2012 to 31 December 31, 2012

Capital structure and leverage

Historically operating on a debt free basis, Kcell would target leverage ratio (net debt/EBITDA) of 0.5-0.9 with net debt/EBITDA as of December 31, 2012 of 0.46

Appendix

Income statement

(KZTbn)	2009	2010	2011	2012	Q4 2011	Q4 2012
Revenues	**130**	**152**	**179**	**182**	**47**	**49**
Cost of sales	**(54)**	**(58)**	**(70)**	**(76)**	**(21)**	**(21)**
Other operating income	0	0	0	0	0	0
Selling and marketing expenses	(14)	(16)	(16)	(17)	(3)	(5)
General and administrative expenses	(8)	(10)	(10)	(11)	(2)	(3)
Other operating expenses	(0)	(0)	(0)	0	(0)	(0)
Operating profit	**54**	**68**	**83**	**78**	**21**	**20**
Finance income	0	0	1	0	0	0
Finance cost	0	0	0	(1)	0	(1)
Profit before income tax	**54**	**69**	**84**	**78**	**21**	**20**
Income tax expense	(11)	(14)	(17)	(16)	(4)	(4)
Profit for the period	**43**	**55**	**67**	**62**	**17**	**16**
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the year	**43**	**55**	**67**	**62**	**17**	**16**

Source: Company information

Cash flow statement

(KZTbn)	2009	2010	2011	2012	Q4 2011	Q4 2012
Cash flows from operating activities						
Net cash from operating activities	**55**	**84**	**81**	**86**	**19**	**23**
Cash flows from investing activities						
Purchase of property, plant and equipment	(23)	(21)	(25)	(25)	(8)	(5)
Purchase of intangible assets	(3)	(7)	(3)			
Net cash used in investing activities	**(26)**	**(28)**	**(27)**	**(25)**	**(8)**	**(5)**
Cash flows from financing activities						
Dividends paid	(30)	(52)	(58)			
Proceeds from banks borrowings	0	0	0			
Net cash used in financing activities	**(30)**	**(52)**	**(58)**	**(59)**	**(37)**	**(16)**
Net increase / (decrease) in cash and cash equivalents	**0**	**4**	**(4)**	**2**	**(26)**	**2**

Source: Company information

Balance sheet

(KZT bn)	2009	2010	2011	2012
ASSETS				
Non-current assets				
Property, plant and equipment	87	89	100	110
Intangible assets	13	18	18	16
Other non-current assets	14	14	7	3
Total non-current assets	**114**	**122**	**126**	**130**
Current assets				
Inventories	1	1	2	1
Trade and other receivables	13	9	14	16
Due from related parties	0	1	2	0
Cash and cash equivalents	2	5	1	3
Total current assets	**15**	**17**	**19**	**20**
TOTAL ASSETS	**130**	**138**	**145**	**151**
EQUITY				
Charter capital	4	4	4	34
Retained earnings	94	107	116	32
TOTAL EQUITY	**98**	**111**	**120**	**66**
LIABILITIES				
Non-current liabilities				
Deferred income tax liability	4	4	4	5
Other non-current liabilities	0	0	0	1
Total non-current liabilities	**4**	**5**	**4**	**6**
Current liabilities				
Trade and other payables	20	13	12	28
Due to related parties	1	0	0	0
Borrowings	0	0	0	49
Deferred revenues	6	7	7	0
Taxes payable	1	2	1	0
Total current liabilities	**27**	**22**	**20**	**78**
TOTAL LIABILITIES	**31**	**27**	**25**	**85**
TOTAL LIABILITIES AND EQUITY	**130**	**138**	**145**	**151**

Source: Company information

Forward looking statements

This report contains statements concerning, among other things, Kcell’s financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Kcell’s future expectations. Kcell believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include, but may not be limited to: Kcell’s market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Kcell and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Kcell undertakes no obligation to update any of them in light of new information or future events.