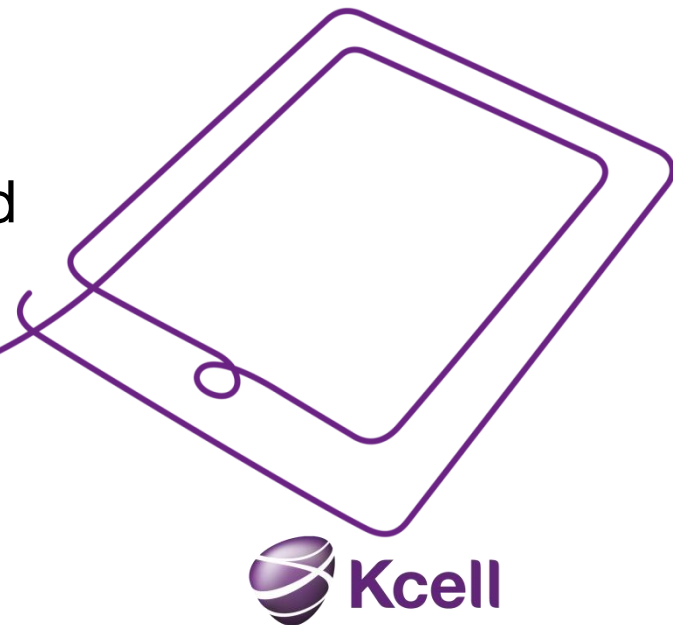


Q3 2014 Interim Report



Key Events of Q3 2014

- CTO Rikard Slunga appointed interim CEO
- CFO has resigned
- Kcell launched a major rebranding and repositioning campaign for its popular Activ brand
- Write-down of assets under construction and inventories in the amount of 20 mln USD
- The Board has initiated further internal and external investigations



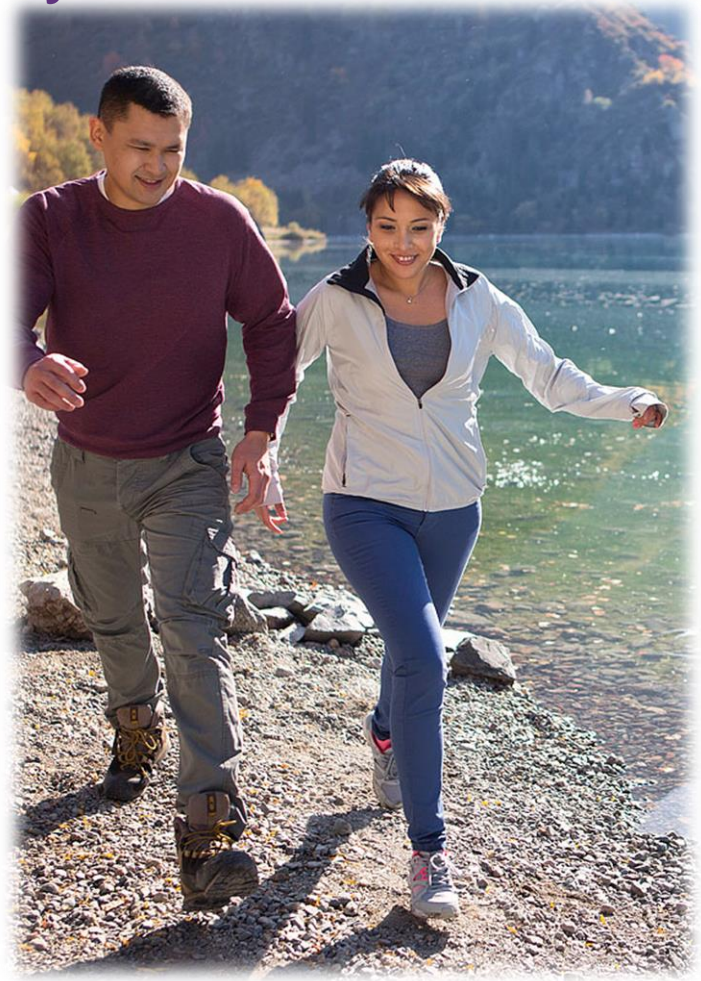
Third Quarter 2014 Summary

- Revenue KZT 49,165m (48,749)
 - ✓ Increase of 0.9% relative to Q3 2013
- EBITDA* KZT 27,624m (26,892)
 - ✓ Increase of 2.7% relative to Q3 2013
- EBITDA* margin 56.2% (55.2)
 - ✓ Continuous focus on cost efficiency
- Net income KZT 13,457m (15,921)
 - ✓ Decrease of 15.5% relative to Q3 2013
- Subscribers 13,064m (12,883)
 - ✓ Net addition of 181,000 subscriptions

*excluding non-recurring items



9 months period 2014 Summary



- Revenue KZT 141,307m (138,073)
 - ✓ Increase of 2.3% relative to 9m 2013
- EBITDA* KZT 80,833m (76,129)
 - ✓ Increase of 6.2% relative to 9m 2013
- EBITDA* margin 57.2% (55.1)
 - ✓ Continuous focus on cost efficiency
- Net income KZT 45,604m (45,128)
 - ✓ Increase of 1.1% relative to 9m 2013
- Subscribers 13,064m (14,307)
 - ✓ Net addition of 308,000 subscriptions
 - ✓ The number of subscriptions decreased by 1,243 thousand during 9m 2014, due to a clean-up of 1,551 thousand subscriptions, no effect on market share

*excluding non-recurring items

Clear Strategy Focused on Value Creation

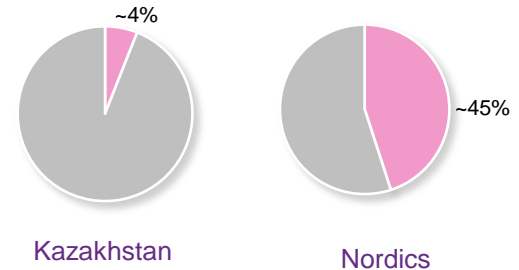
- Maintain market leadership
- Strengthen leadership in data segment
- Cash generative growth
- Service Company



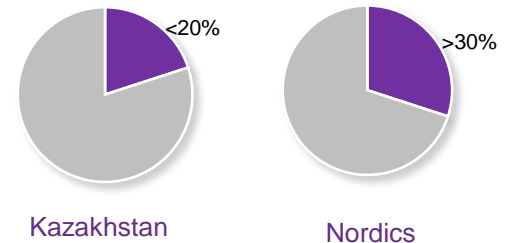
Utilize the untapped potential in Kazakhstan

- Foundation for continued growth
 - Strong market position
 - Solid financial performance
 - Strengthened governance
- Untapped data potential in B2C
- Expansion of B2B business from low level
- Continue to evaluate risk and reward with sustainability embedded
- Secure right leadership and culture to drive responsible business and value creation

B2B Share in Revenue



Data Share in Revenue

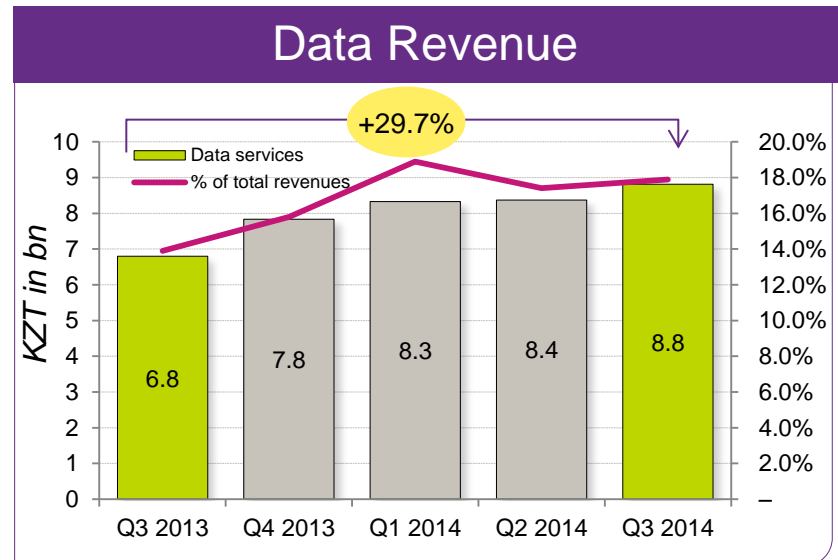
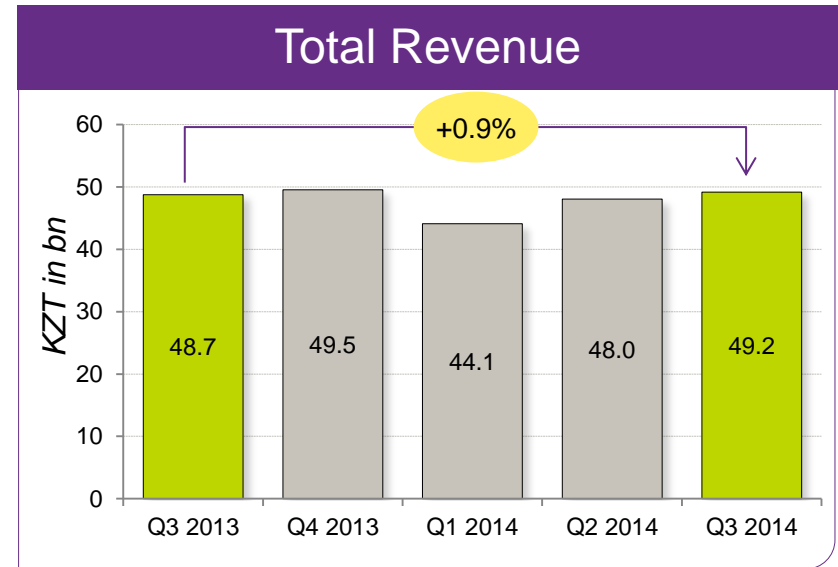
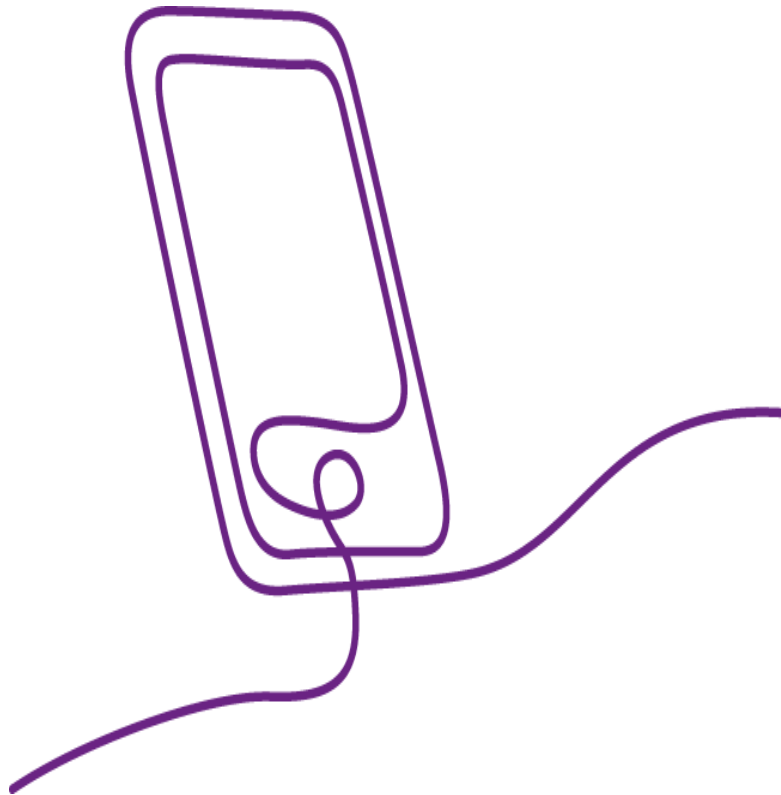


Market Trends

- Ongoing competition, regional focus is key for growth
- Altel and Tele2 price battle
- Pressure from the Regulator
- Introduction of mobile number portability (MNP) in 2015

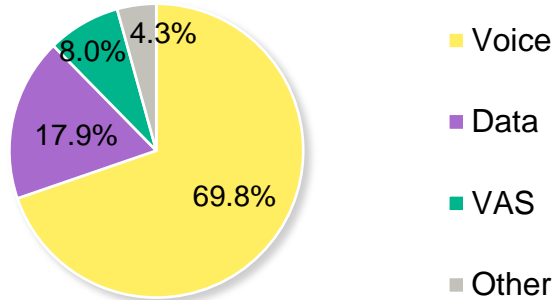


Continued Data Growth

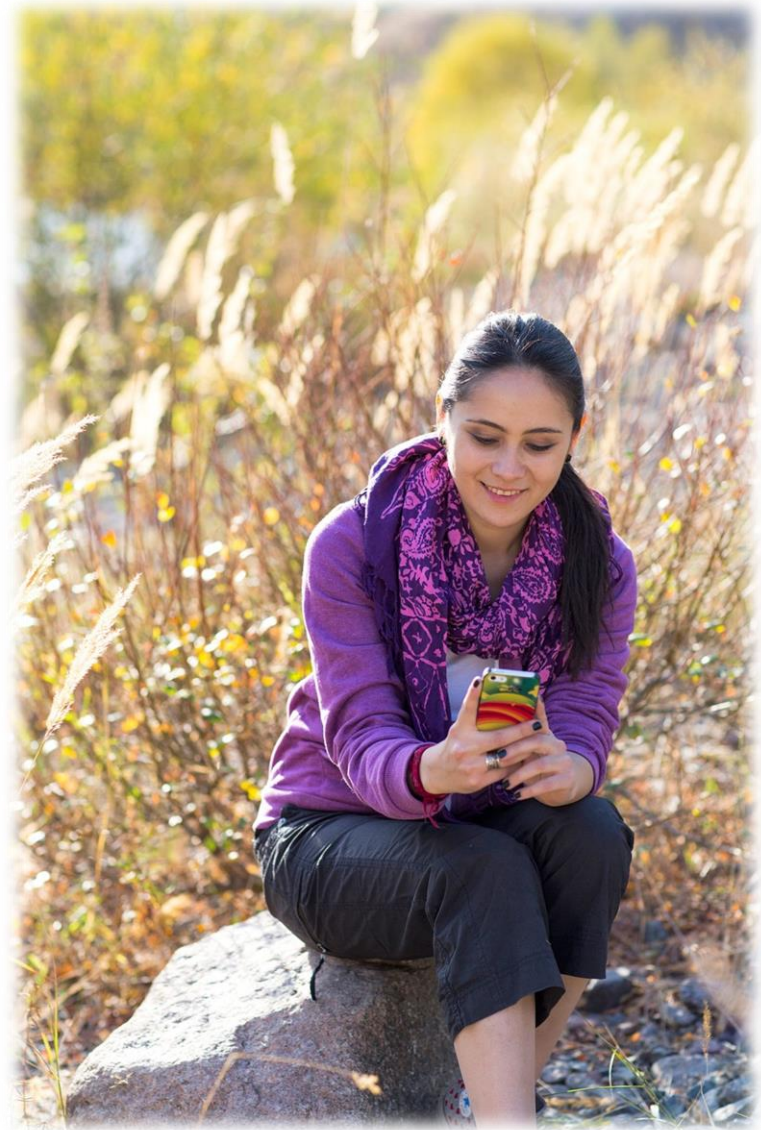
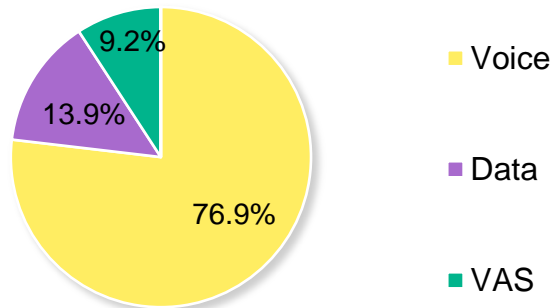


Data Revenue Continuously Growing

Revenue Breakdown Q3 2014

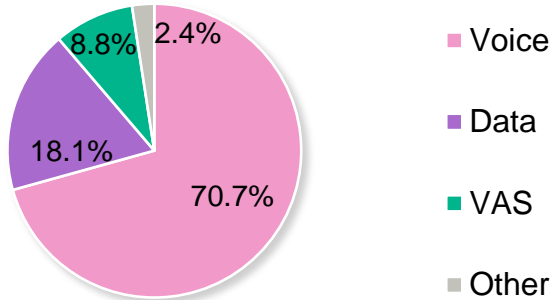


Revenue Breakdown Q3 2013

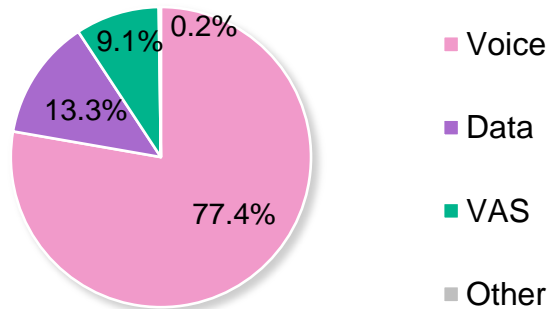


Data Revenue Shows Rapid Growth

Revenue Breakdown 9m 2014

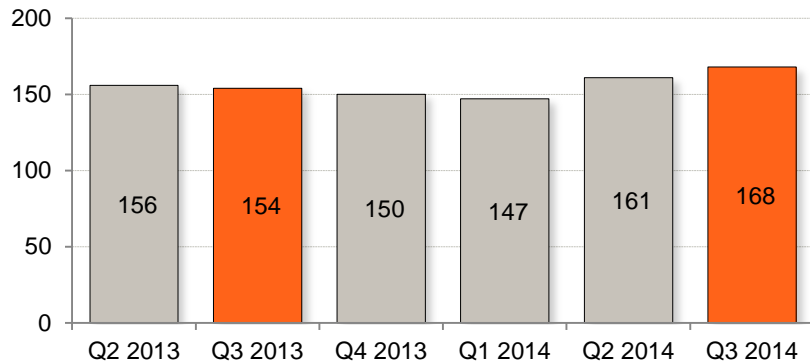


Revenue Breakdown 9m 2013

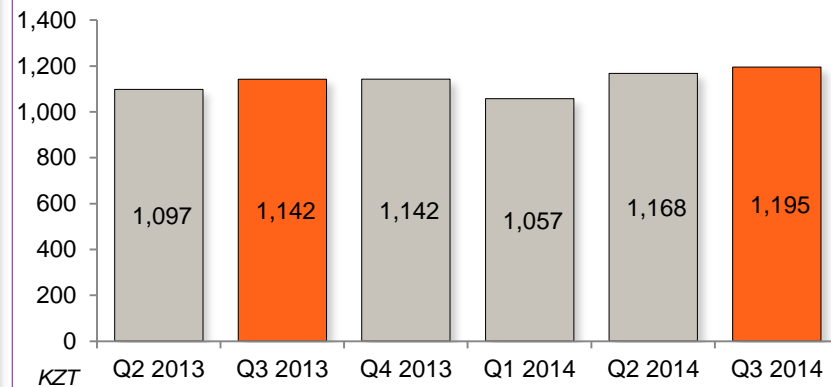


Voice Revenues

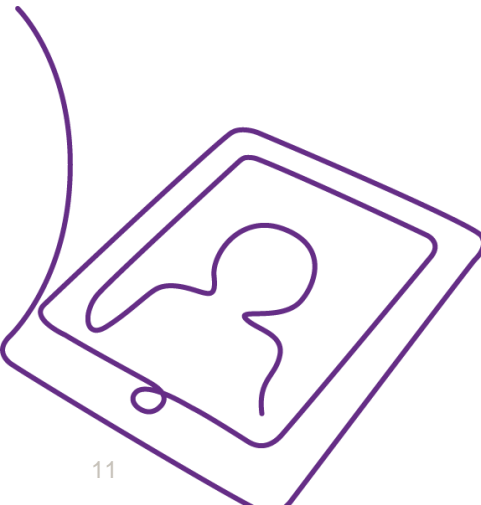
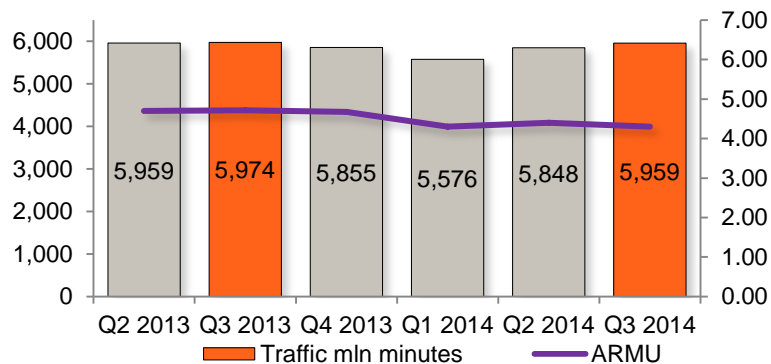
Minutes of Usage (MOU)



ARPU



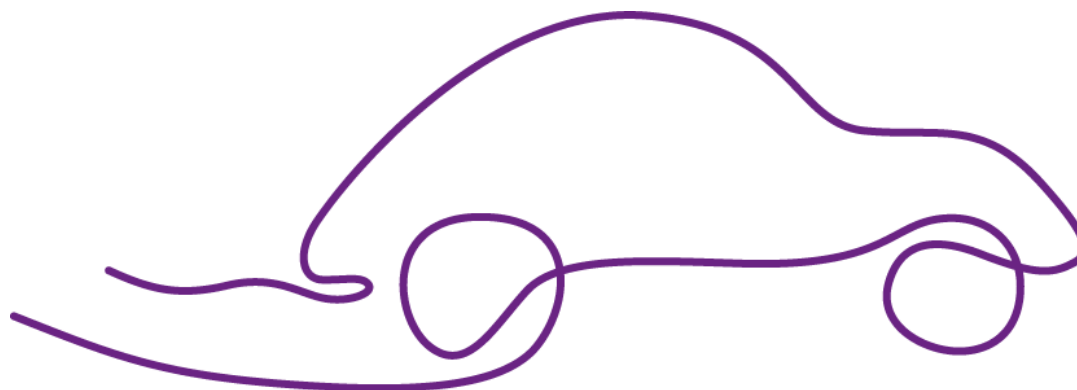
Total Traffic & ARMU (KZT)



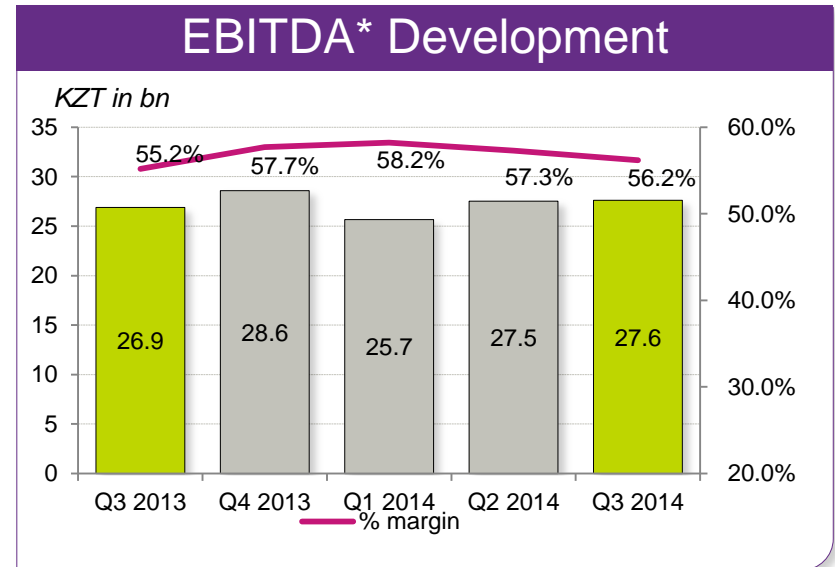
Financial Highlights Q3 2014 and 9m 2014

<i>KZT in millions, except per share data, number of shares and changes</i>	Q3 2014	Q3 2013	Chg (%)	YTD 2014	YTD 2013	Chg (%)
Revenues	49,165	48,749	0.9	141,307	138,073	2.3
EBITDA*	27,624	26,892	2.7	80,833	76,129	6.2
EBITDA margin (%)	56.2	55.2		57.2	55.1	
Operating income*	21,551	21,045	2.4	62,645	58,749	6.6
Net income	13,457	15,921	-15.5	45,604	45,128	1.1
Earnings per share (KZT)	67.3	79.6	-15.5	228.0	225.6	1.1
CAPEX to sales (%)	9.5	11.1		6.3	12.0	
Free cash flow	17,887	23,363		52,088	60,970	

*excluding non-recurring items



Ongoing Efforts to Maintain a Healthy Margin

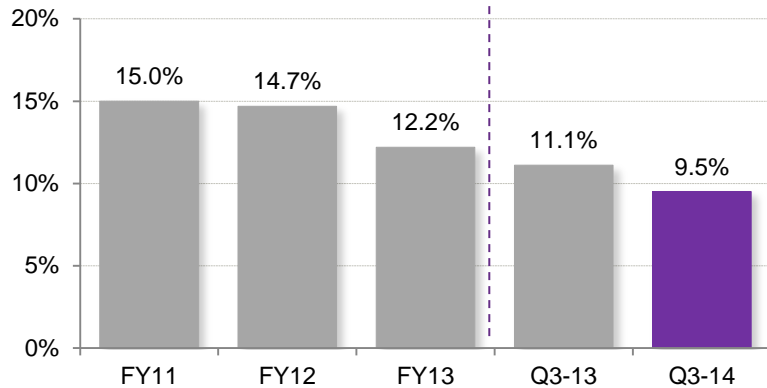


- Ongoing efforts to improve our cost base enabled us to maintain the EBITDA margin
- EBITDA* margin Q3 2014 56.2% vs. 55.2% in Q3 2013
- EBITDA* margin YTD 2014 57.2% vs. 55.1% YTD 2013

*excluding non-recurring items

CAPEX-to-sales Ratio

CAPEX-to-Sales Ratio



- Low YTD CAPEX-to-sales ratio 6.3%, to be normalised in Q4
- CAPEX mainly comprising 3G investments
- 3G population coverage is more than 60%

Robust Capital Structure

<i>KZT in millions</i>	30 Sep 2014	31 Dec 2013
Cash and equivalents	18,892	18,916
Gross financial debt	16,719	24,721
Reported net debt / (cash)	-2,173	5,805
<i>LTM EBITDA</i>	105,586	104,727
<i>Implied net debt / EBITDA</i>	-0.02	0.06
<i>Implied net debt / book value of equity</i>	-0.03	0.06
Dividends declared but unpaid	19,028	-
Adjusted net debt / (cash)	16,855	5,805
<i>Implied Adj. net debt / LTM EBITDA</i>	0.16	0.06
<i>Implied Adj. Net Debt / Book value of equity</i>	0.21	0.06

- Target leverage ratio (net debt / EBITDA) of 0.5-0.9x
- Net debt / EBITDA of -0.02 (as of 30 Sep 2014)
- Net debt / Equity of -0.03 (as of 30 Sep 2014)



Dividends

- On 21 May 2014, the AGM approved distribution of a total of KZT 63,390 million, representing 100 percent of net income for the period from 1 January 2013 to 31 December 2013.
- The total dividend amount is KZT 316.95 gross per ordinary share (each GDR representing one ordinary share). Kcell shareholders who are registered at the record date of 7 June 2014 (01:00 Almaty time) are entitled to receive the dividends.
- The dividends are being paid in two separate tranches:
 - KZT 44,362 million or KZT 221.81 gross per ordinary share were paid on 27 June 2014; and
 - KZT 19,028 million or KZT 95.14 gross per ordinary share will be paid during the period 10 December 2014 - 31 December 2014.

Regulatory overview

“Daytime Unlimited” service

On 5 September 2014, the order of the Agency of the Republic of Kazakhstan for Competition Protection (ACP) came into force obliging Kcell:

- to stop collecting subscription fees under the “Daytime Unlimited” service when there are insufficient funds on the account (executed by the Company);
- to ensure interruption of connection when subscribers’ balance reaches zero;
- to ensure refund to subscribers for charges made in view of non-interruption of their connection when their balance reached zero.

Compliance with the Order requires major technical changes of the billing system; Kcell has therefore filed a request to postpone the execution of this order. On 16 October 2014, the court denied this request. The Company is going to file this request with the ACP.

Kcell will, therefore, incur additional expenses. The exact amount is to be determined subject to clarification of the ACP order.



Regulatory overview

“Always Available” service

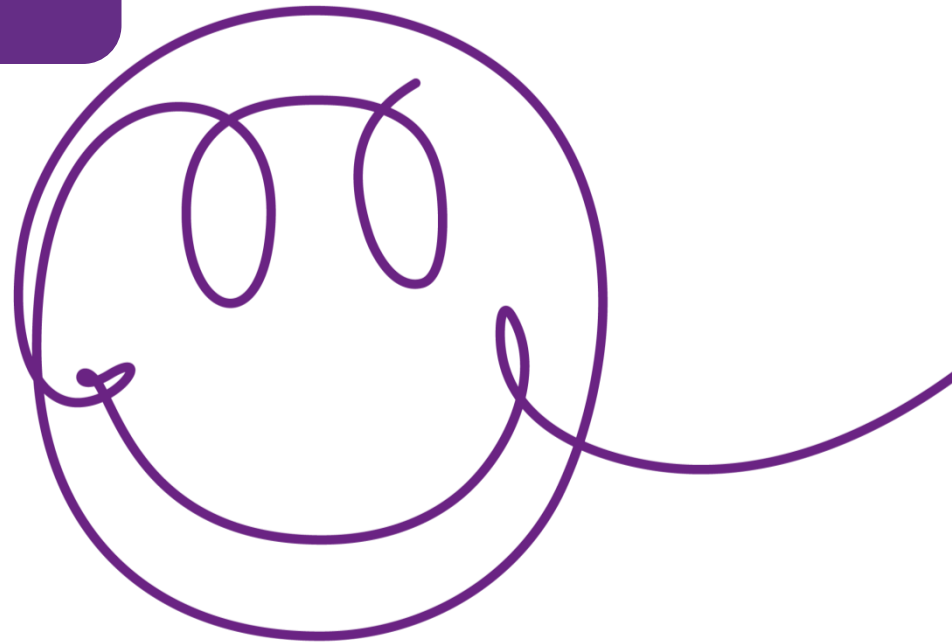
On 7 August 2014, the Administrative Court upheld the decision of the lower court. This resulted in the Company being brought to administrative responsibility under Article 147, part 3 of the Code of Administrative Offences of the Republic of Kazakhstan. Kcell was consequently issued a fine of KZT 41.8 million, which it has paid in full.

Applicable to both cases:

Kcell intends to further challenge these cases. However, the ACP, in its turn, may also challenge the amount of fines in the court through the prosecution authorities.



Q&A



Income Statement

<i>KZT in millions, except per share data, number of shares and changes</i>	Q3 2014	Q3 2013	Chg (%)	YTD 2014	YTD 2013	Chg (%)
Revenues	49,165	48,749	0.9	141,307	138,073	2.3
Cost of sales	-22,271	-20,754	7.3	-61,610	-59,132	4.2
Gross profit	26,894	27,995	-3.9	79,698	78,941	1.0
Selling and marketing expenses	-2,851	-4,447	-35.9	-8,973	-12,572	-28.6
General and administrative expenses	-2,602	-2,587	0.6	-7,851	-7,902	-0.6
Other operating income and expenses, net	-3,529	84		-4,073	282	
Operating income	17,912	21,045	-14.9	58,800	58,749	0.1
Finance costs and other financial items, net	-245	-536		-745	-1,685	
Income after financial items	17,666	20,509	-13.9	58,055	57,064	1.7
Income taxes	-4,210	-4,588	-8.3	-12,451	-11,936	4.3
Net income	13,457	15,921	-15.5	45,604	45,128	1.1
Earnings per share (KZT), basic and diluted	67.3	79.6	-15.5	228.0	225.6	1.1

Balance Sheet

<i>KZT in millions</i>	30 Sep 2014	31 Dec 2013
Assets		
Intangible assets	13,097	13,955
Property, plant and equipment	101,426	112,369
Other non-current assets	2,075	3,131
Total non-current assets	116,598	129,455
Inventories	1,762	499
Trade and other receivables	14,180	10,410
Cash and cash equivalents	18,892	18,916
Total current assets	34,834	29,825
Total assets	151,432	159,280
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	45,607	63,393
Total equity attributable to owners of the parent company	79,407	97,193
Deferred tax liabilities	5,486	5,232
Other long-term liabilities	1,312	1,426
Total non-current liabilities	6,798	6,658
Short-term borrowings	16,719	24,721
Trade payables	42,386	23,361
Other current liabilities	6,122	7,347
Total current liabilities	65,227	55,429
Total equity and liabilities	151,432	159,280

Statement of Cash Flows

<i>KZT in millions</i>	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Cash flow before change in working capital	22,541	22,177	68,157	64,716
Change in working capital	2,506	8,086	-2,539	12,127
Cash flow from operating activities	25,047	30,263	65,618	76,843
Cash CAPEX	-7,160	-6,900	-13,530	-15,873
<i>Free Cash Flow</i>	<i>17,887</i>	<i>23,363</i>	<i>52,088</i>	<i>60,970</i>
Cash flow before financing activities	17,887	23,363	52,088	60,970
Cash flow from financing activities	-3,800	-20,250	-52,112	-58,852
Cash flow for the period	14,087	3,113	-24	2,118
Cash and cash equivalents, opening balance	4,805	2,080	18,916	3,075
Cash flow for the period	14,087	3,113	-24	2,118
Cash and cash equivalents, closing balance	18,892	5,193	18,892	5,193

Forward Looking Statement

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.

