



Kcell JSC Q3 2019 Financial results



Q3 2019 highlights



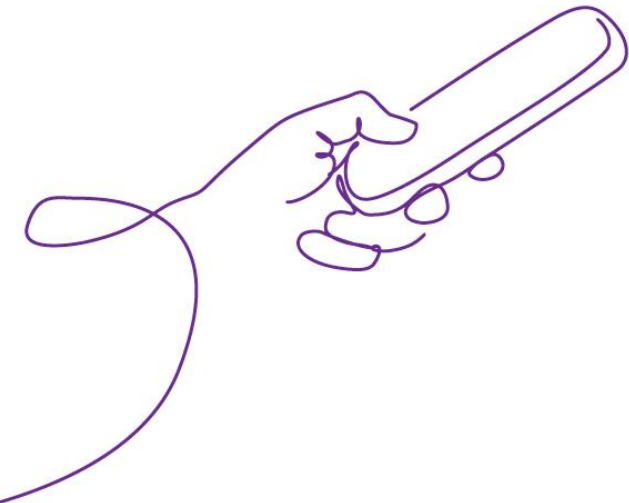
- Service revenue remained on a positive trajectory and increased by 8.4%, following 6.7% growth in the second quarter
- Robust revenue growth in our B2B segment - up 18.1% year-on-year
- 19% year-on-year increase in ARPU
- EBITDA, excluding non-recurring items and IFRS 16, showed significant growth, up 23.2% year-on-year, underpinned by increased revenue, tight fiscal discipline and substantial cost optimisation
- Launch of a new strategy
- Introduction of the first convergent product with Kazakhtelecom
- Launch of on-line store for handset sales
- New projects: Private LTE, eSIM, scoring systems for banks and IoT project for farming

Strategic Priorities



1. Maintain our number one position across all our operations
 - #1 operator for smartphone users
 - #1 operator in B2B segment
2. Offer a diversified product range that meets the ever-evolving needs of all customer segments
3. Continue to identify synergies across the entire group
4. Focus and further develop handset sales business
5. Data monetisation
6. Focus on areas with clear potential for substantial growth
 - Mobile financial services
 - Big data
 - Introduction of 5G infrastructure and services

Q3 2019 summary



Net sales

KZT 41,121m
(38,758)

Increase of 6.1% YoY

B2B revenue

KZT 4,873m
(4,127)

Increase of 18.1% YoY

Net income

KZT 10,907m
(1,393)

Increase mainly due to the reversal of tax accrual in the amount of KZT 5,069 million

Service revenue

KZT 36,212m
(33,409)

Increase of 8.4% YoY

EBITDA*

KZT 17,957m
(13,370)

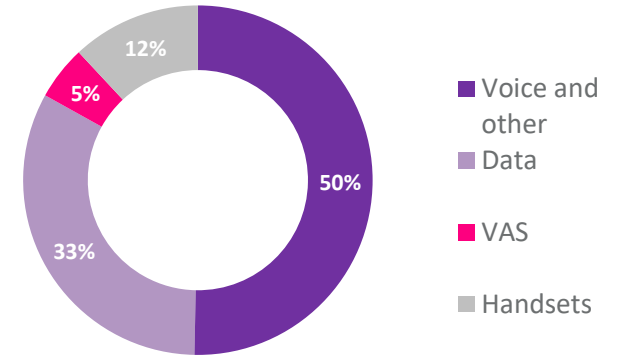
Increase of 34.3% YoY
EBITDA margin 43.7% (34.5)

Subscribers

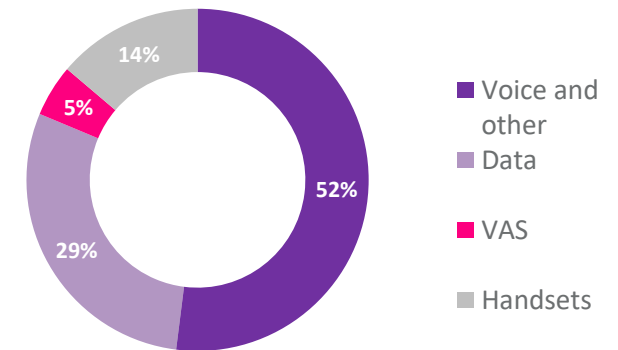
8,440 thousand
(8,676)

Decrease by 236,000 subscribers QoQ

Net sales breakdown Q3 2019

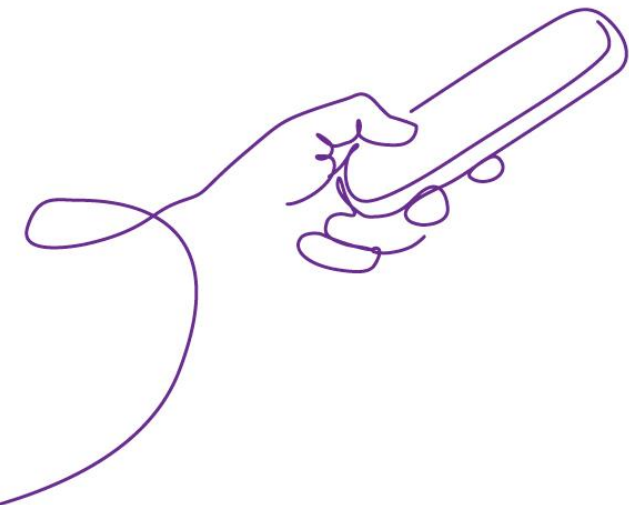


Net sales breakdown Q3 2018



*excluding non-recurring items

9m 2019 summary



Net sales

KZT 114,170m
(111,447)

Increase of 2.4% YoY

B2B revenue

KZT 13,281m
(11,324)

Increase of 17.3%* YoY

Net income

KZT 5,026m
(4,870)

Increase of 3.2% YoY

Service revenue

KZT 102,054m
(97,707)

Increase of 4.4% YoY

EBITDA*

KZT 47,997m
(36,642)

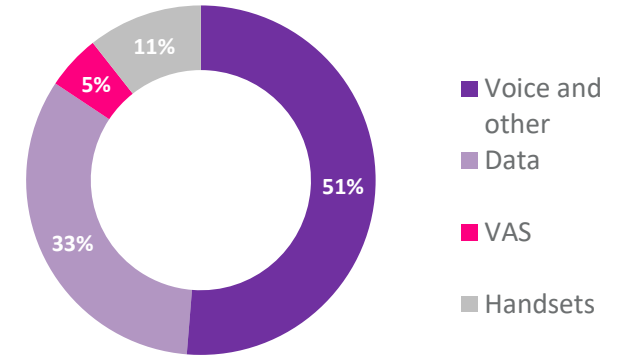
Increase of 31.0 % YoY*
EBITDA margin 42.0% (32.9)

Subscribers

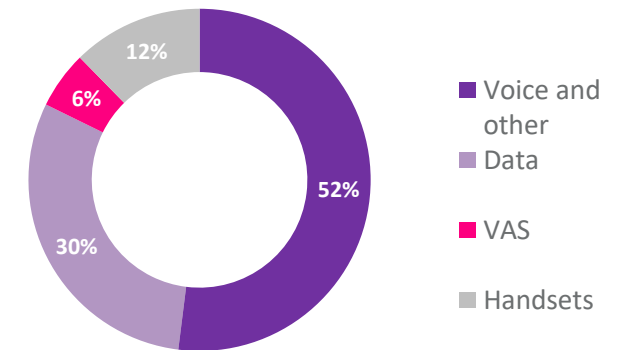
8,440 thousand
(9,234)

The number of subscribers decreased as a result of moving from quantity driven distribution to value driven acquisition

Net sales breakdown 9m 2019

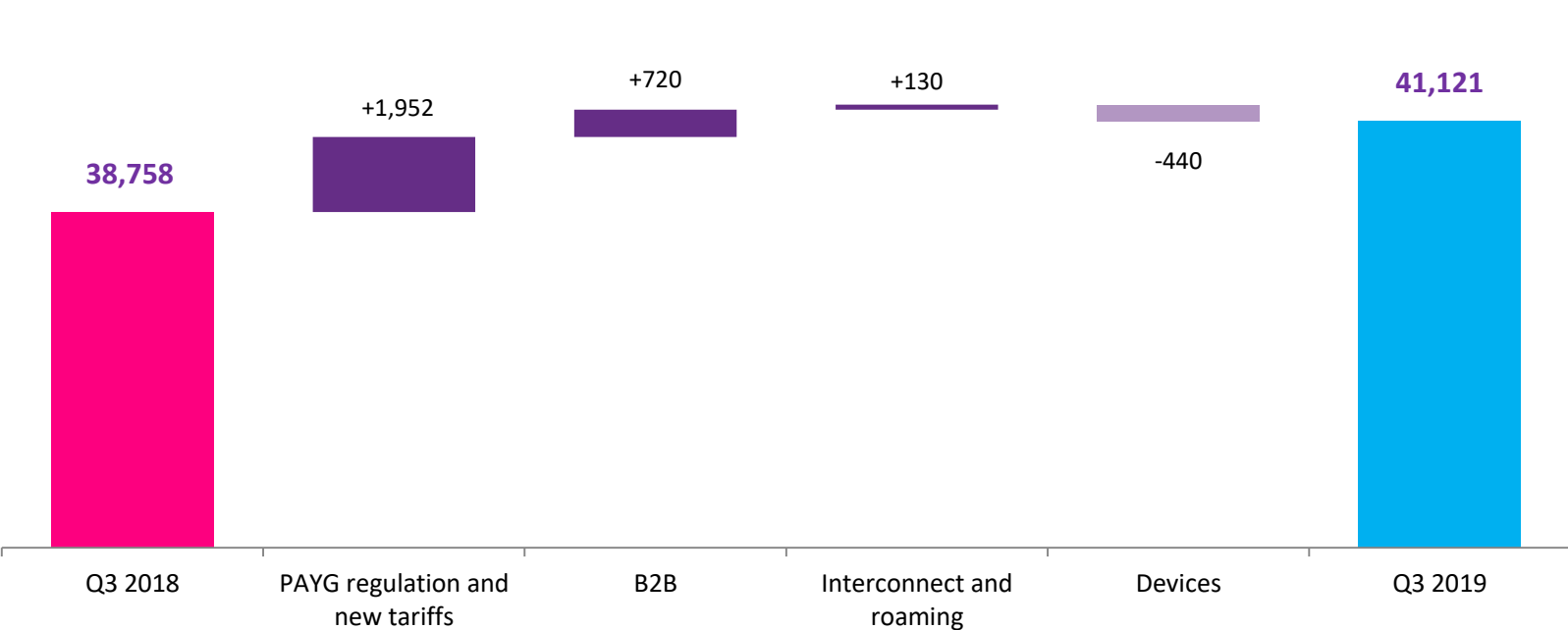
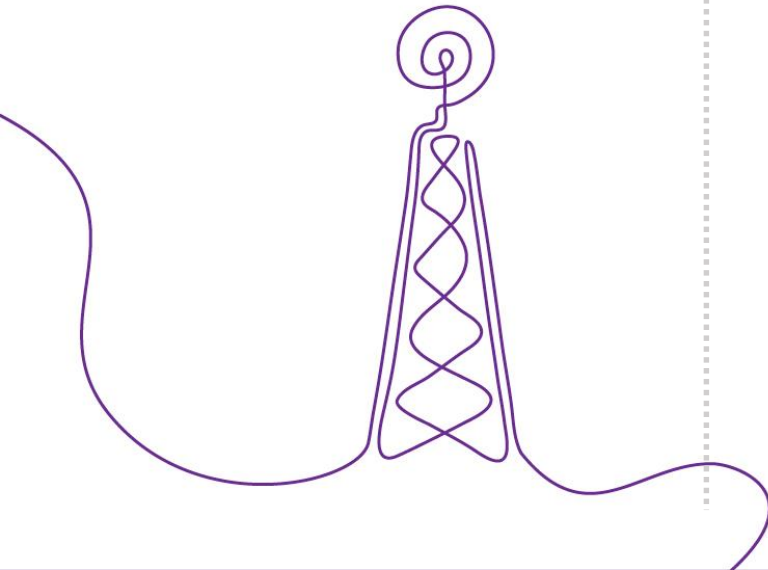


Net sales breakdown 9m 2018

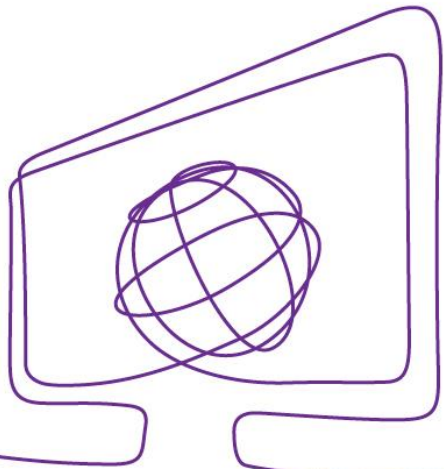


*excluding non-recurring items

Revenue growth



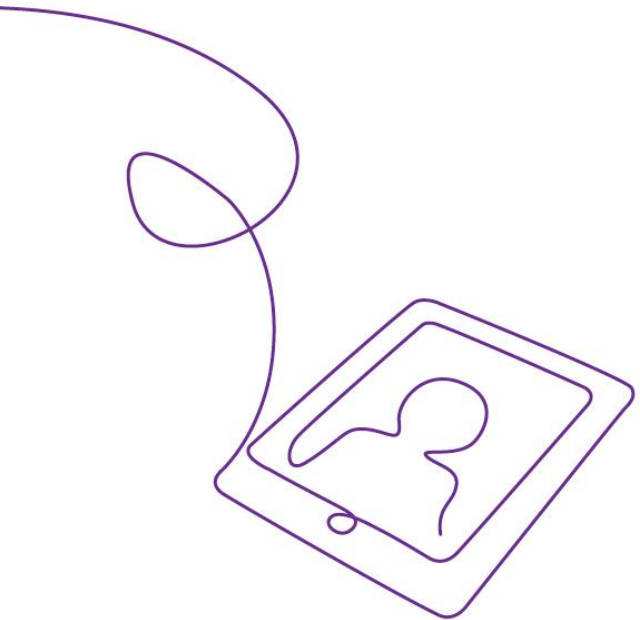
Positive revenue trend



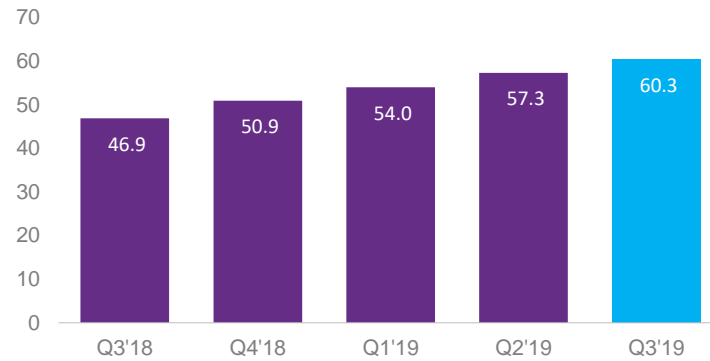
Revenue growth driven by a number of factors including:

- Improved pay as you go (PAYG) billing for bundled offers
- Launch of new tariff plans with unlimited access to social networks
- Growing number of subscribers transitioning to new offers with enlarged content
- Increased number of subscribers on fixed contracts with higher levels of ARPU, as a result of growth in number of devices sold

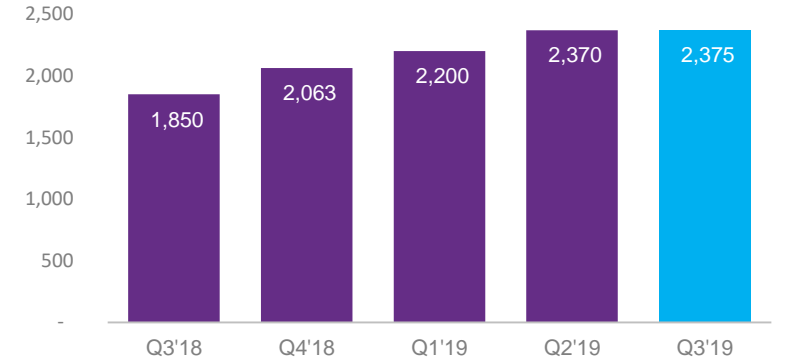
Commercial trends



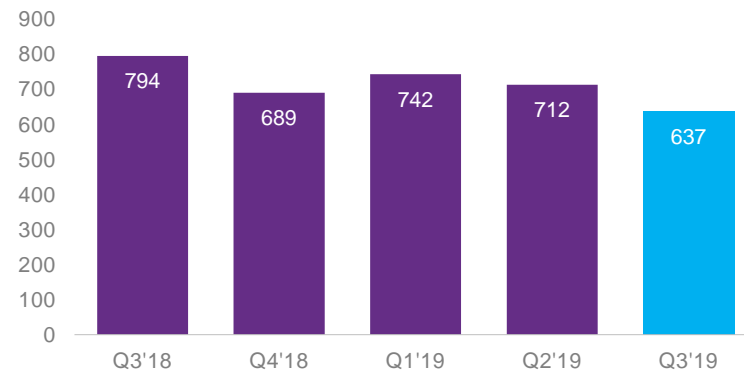
4G device penetration %*



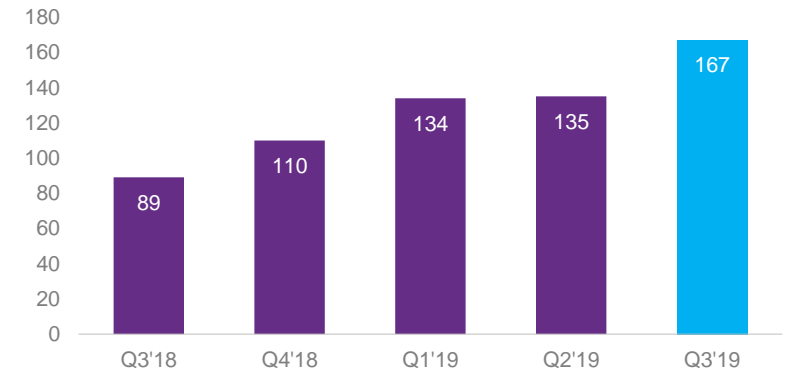
4G data users ('000)



OTT users ('000)

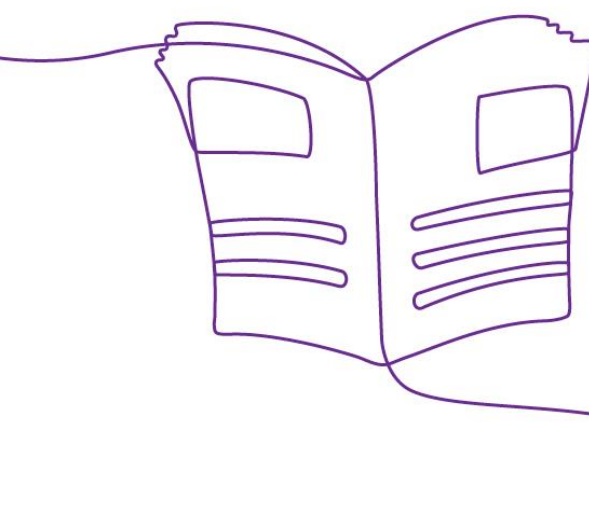


MFS users ('000)

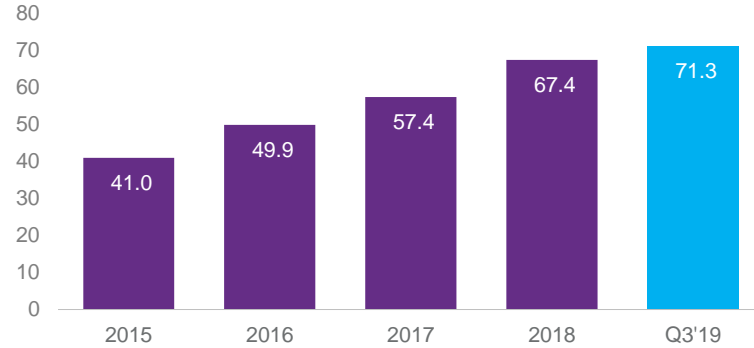


*% in the Company's network

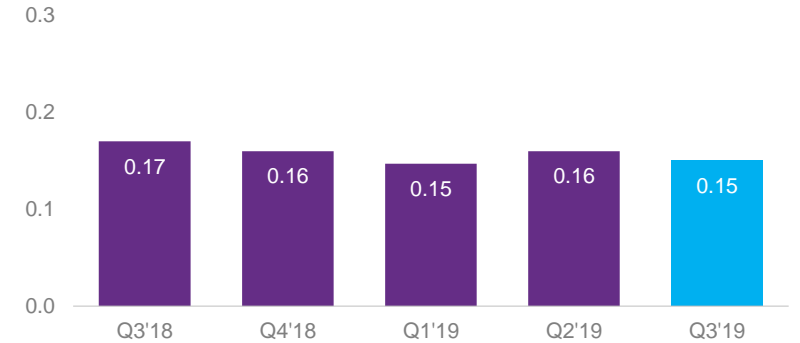
Data usage & revenues



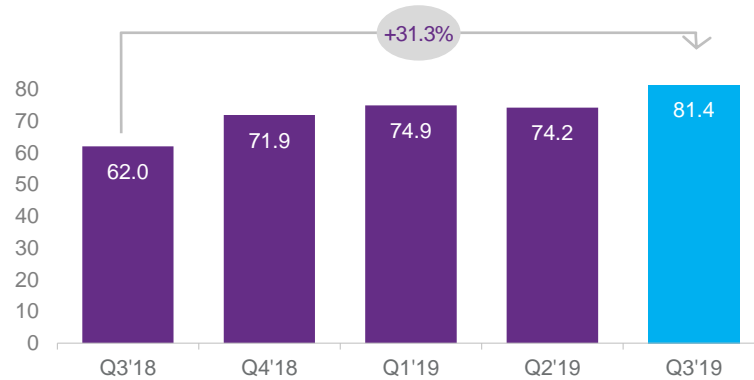
Smartphone penetration %*



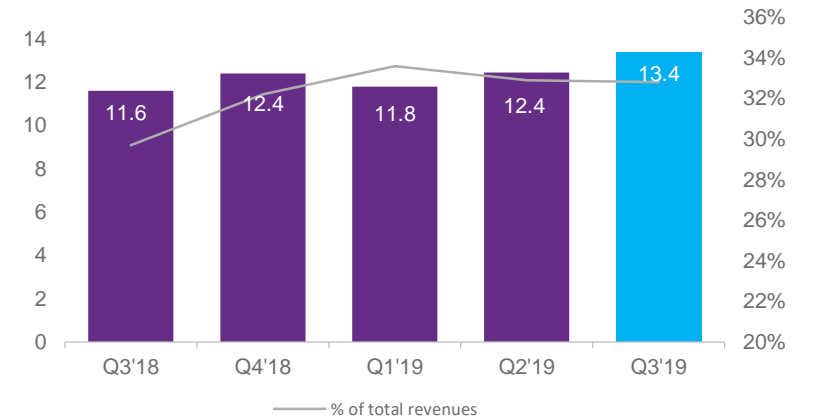
Average revenue per MB (KZT)



Data traffic (PB)

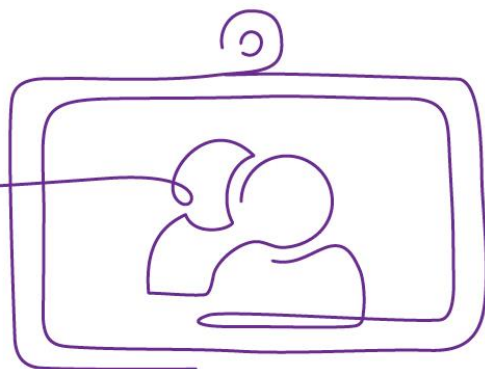


Data revenue (bln KZT)



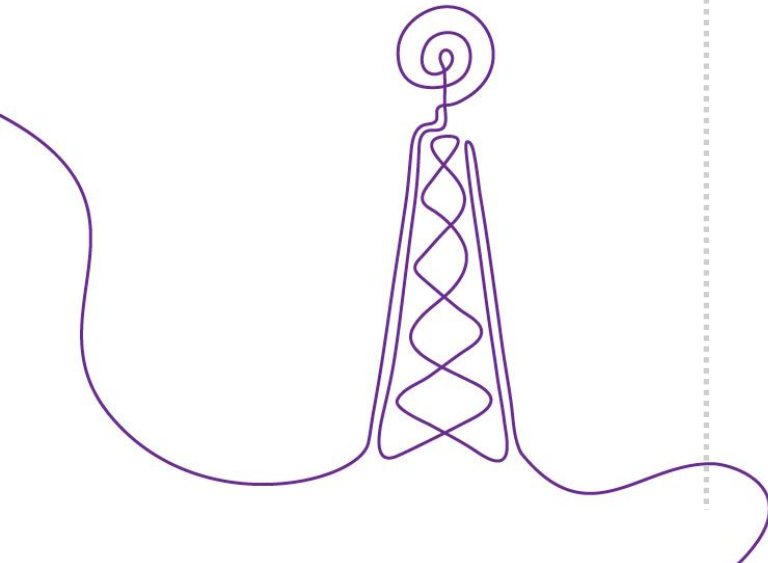
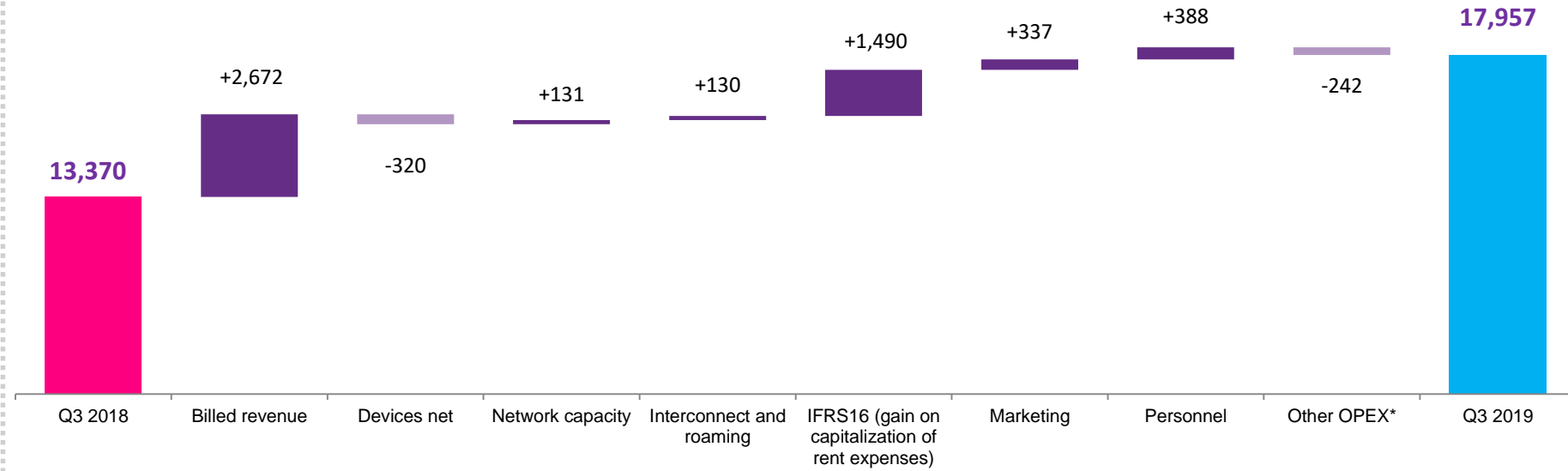
*% in the Company's network

Financial highlights



KZT in millions, except per share ata, number of shares and changes	Q3 2019	Q3 2018	Chg (%)	9m 2019	9m 2018	Chg (%)
Net Sales	41,121	38,758	6.1	114,170	111,447	2.4
of which service revenue	36,212	33,409	8.4	102,054	97,707	4.4
EBITDA excluding non-recurring items	17,957	13,370	34.3	47,997	36,642	31.0
EBITDA margin (%)	43.7	34.5		42.0	32.9	
Operating income	15,488	5,357	189.1	13,404	13,821	-3.0
Operating income excluding non-recurring items	10,419	6,610	57.6	24,731	16,763	47.5
Net income	10,907	1,393	683.2	5,026	4,870	3.2
Earnings per share (KZT)	54.5	7.0	683.2	25.1	24.3	3.2
CAPEX to sales (%)	4.6	13.6		5.4	11.6	
Free cash flow	7,164	3,761		12,918	4,103	

EBITDA* development



*excluding non-recurring items

CAPEX

LTE traffic

67%

of total traffic data

YTD investments (KZT mln)

6,157

- ✓ 3rd LTE layer rolled out in Zhanaozen city
- ✓ 2nd LTE layer activation in Taraz city
- ✓ Partnership with professional cycling race Tour of Almaty 2019

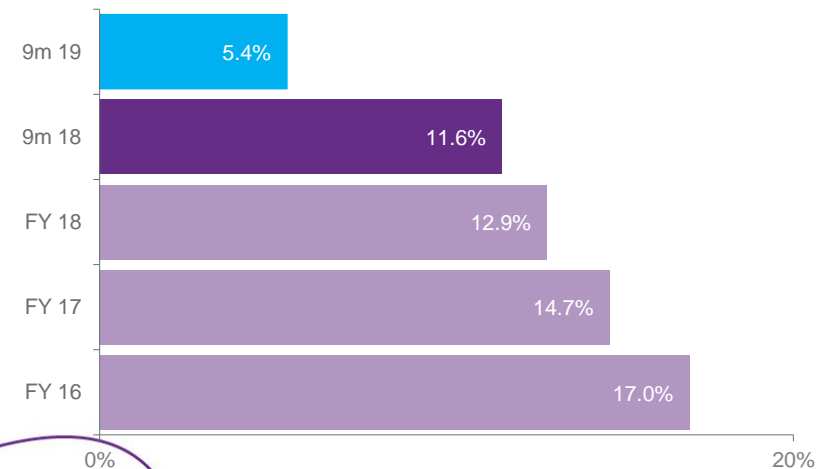
LTE population coverage

62.1%

3G population coverage

80.4%

CAPEX-to-sales ratio*



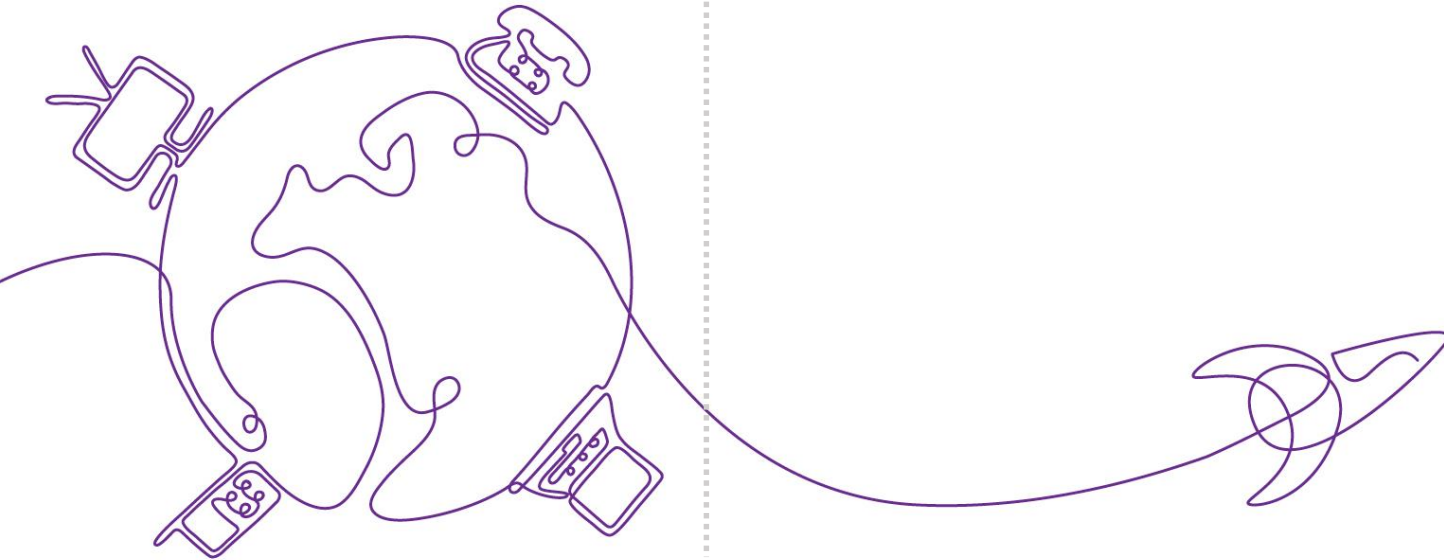
*2016 excludes KZT 26,000 million for LTE frequencies

Q&A



Financial key ratios

	30 Sep 2019	31 Dec 2018
Return on equity* %	29.7	12.5
Return on capital employed* %	14.5	14.3
Equity/assets ratio %	36.6	40.7
Net debt/equity ratio %	85.6	89.2
Net debt/EBITDA* rate %	0.9	1.2



*rolling 12 months and excluding non-recurring items

Forward looking statement

Statements made in this document may be related 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.

