

A top-down view of a white coffee cup filled with dark coffee. The coffee has a thick, light-colored foam on top. In the center of the foam, there is a latte art design consisting of three curved, overlapping shapes that resemble a stylized '3' or a similar abstract pattern. The cup is set on a white saucer.

Q3 2016
Financial Results

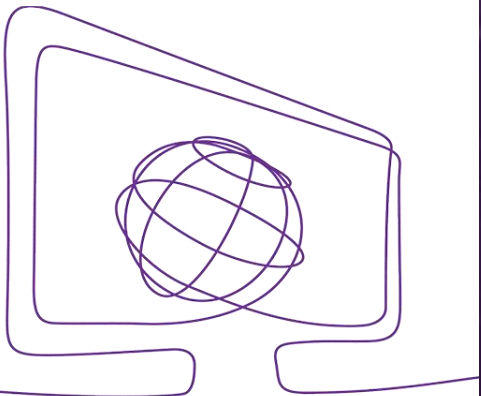
Progress and challenges in Q3

- Improvement of top line in Q3 vs. Q2 2016, with the support of consumer base growth and new offers
- Stabilisation of market share with net intake of 157,000
- Launch of LTE in 11 cities based on network sharing with Beeline
- Migration to new billing system
- Monetising data
- Introduction of new unlimited LTE tariff plans by competitors
- Customer growth mainly on under-monetised entry level plans; and slow upselling and migration to higher plans.



Key strategic priorities

- Increase in revenues by growing share-of-wallet and ARPU stimulation
- LTE network roll-out
- Increase in B2B solutions' share of revenue
- Improvement in data network quality
- Regain subscribers and grow customer base





Q3 2016 Summary

01

Net sales KZT 36,931m (42,756)

✓ Decrease of 13.6% year-on-year

02

Service revenue KZT 35,032m
(39,612)

✓ Decrease of 11.6% year-on-year

03

Data revenue 10,749m (10,051)

✓ Increase of 7.0% year-on-year

04

B2B revenue 2,956m (2,465)

✓ Increase of 19.9% year-on-year

05

EBITDA* KZT 14,238m (19,028)

✓ Decrease of 25.2% year-on-year

06

EBITDA margin 38.6% (44.5)

✓ Decrease due to lower revenue and higher interconnect expenses

07

Net income KZT 4,378m (15,112)

✓ Decrease of 71.0% year-on-year

08

Subscribers 9,905m (9,748)

✓ Increase by 157,000 during the quarter

*excluding non-recurring items



9m 2016 Summary



01

Net sales KZT 108,814m
(128,820)

✓ Decrease of 15.5% year-on-year

02

Service revenue KZT 102,558m
(119,447)

✓ Decrease of 14.1% year-on-year

03

Data revenue 30,481m (29,504)

✓ Increase of 3.3% year-on-year

04

B2B revenue 8,754m (7,008)

✓ Increase of 24.9% year-on-year

05

EBITDA* KZT 43,503m (64,725)

✓ Decrease of 32.8% year-on-year

06

EBITDA margin 40.0% (50.2)

✓ Decrease due to lower revenue and higher interconnect expenses

07

Net income KZT 15,633m
(39,666)

✓ Decrease of 60.6% year-on-year

08

Subscribers 9,905m (10,780)

✓ Decrease by 875,000 year-on-year

*excluding non-recurring items

Kcell Brand - New 'Prestige' tariff line

- 5 bundles, monthly fee from KZT 2,590 to 9,590
- Data allowance: from 15GB to 35GB available 24/7
- Unlimited on-net calls, relevant off-net mobile calls
- Packaged with entertainment services: on-line library, Music and TV streaming
- Comfort usage: monthly fee charged on the first day of each month, or availability of affordable pay-as-you-go tariffs
- Launched on 31 August 2016



ACTIV tariffs line

- **6 competitive bundles launched on 27 May 2016**
 - Free on-net calls + min to other local mobiles + relevant data volume, 1,000 on-net SMS monthly package
 - Monthly fee from KZT 1,190 to 2,490
- **TP 'Conversation', unlimited on-net voice, KZT 590. Launched on 29 Apr 2016**



Activ Music



Bookmate
by Activ

Entertainment services
added into bundle
bonus offer

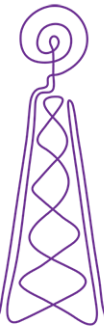
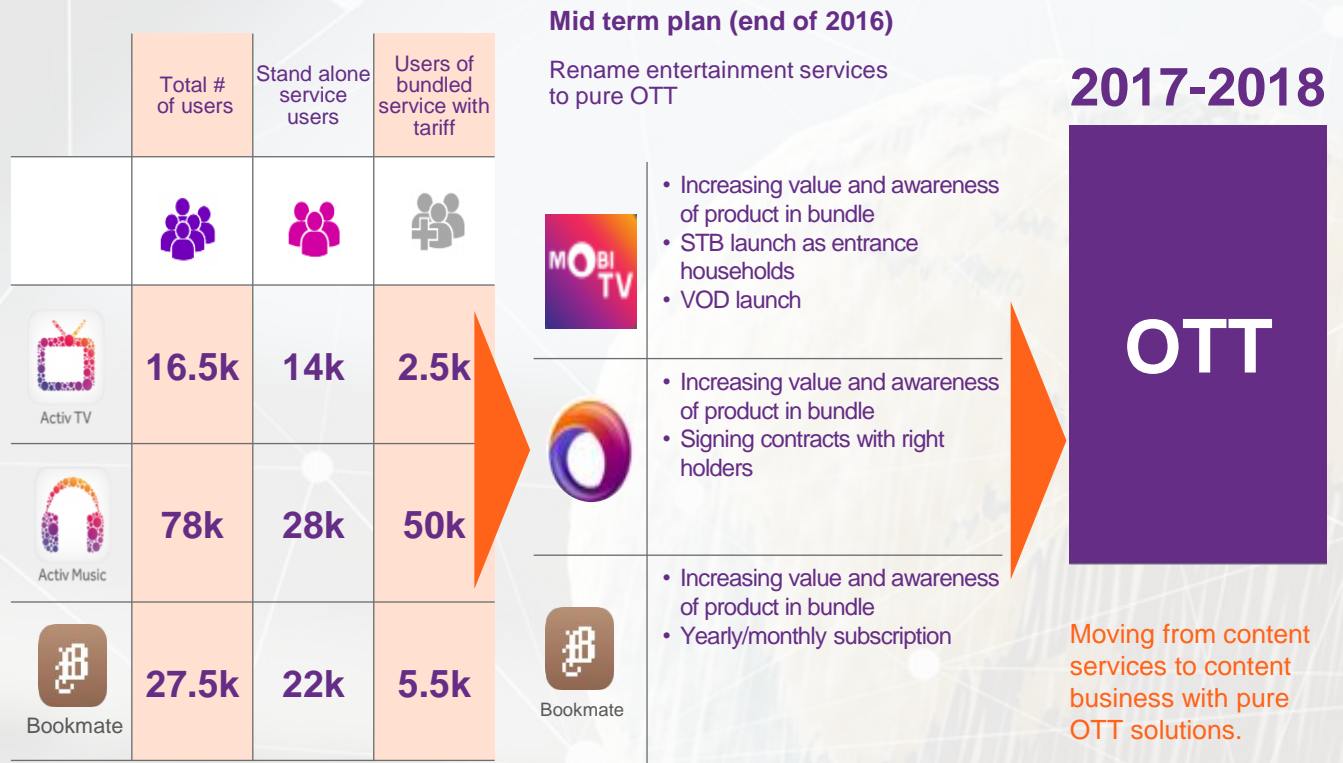


+1,000 bonus units*
on Start Packs with daily Mini
bundle to boost activations

*Bonus valid only for daily fee payment during 30 days after activating the Start Package

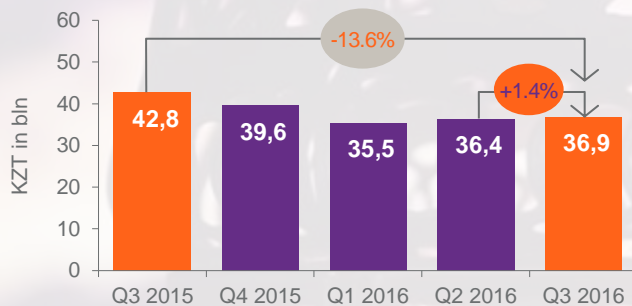
Entertainment services

Entertainment services are included in tariff plans to increase awareness and value for customers

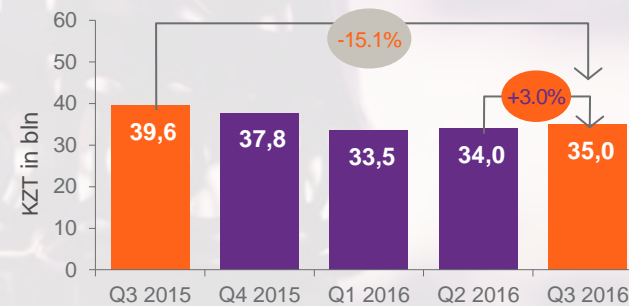


Revenue trend

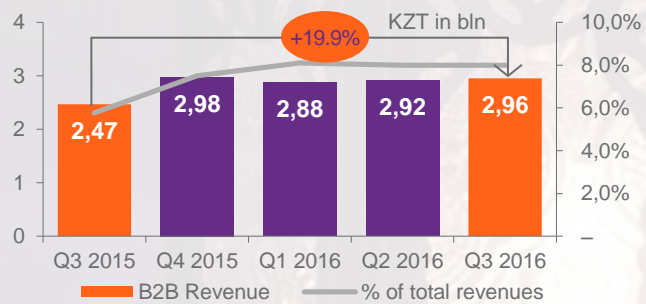
Net sales



Service revenue

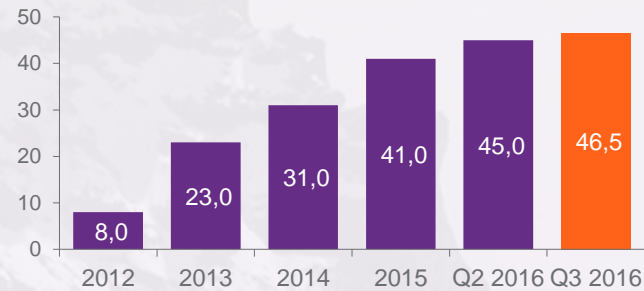


B2B revenue

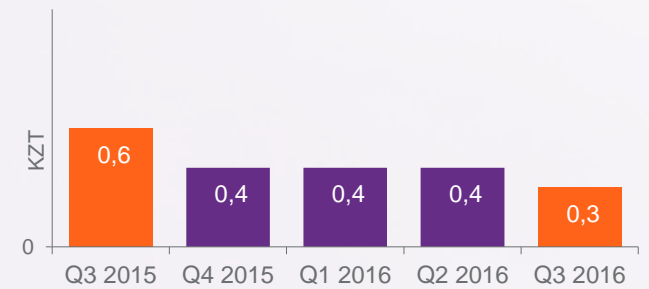


Data usage and revenues

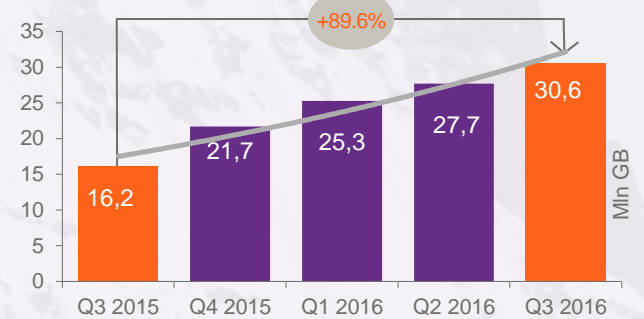
Smartphone penetration % (network)



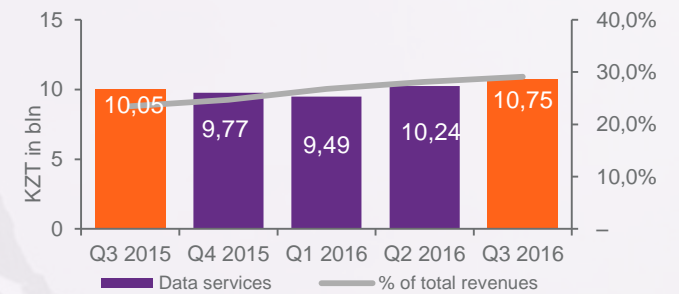
Average revenue per MB



Data traffic

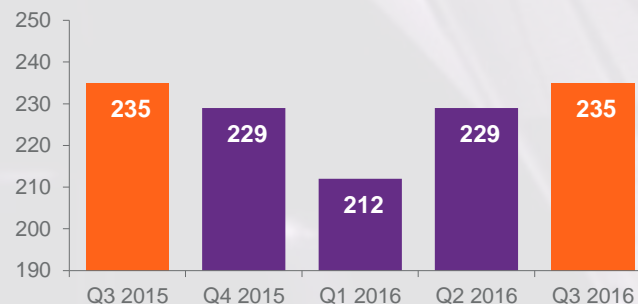


Data revenue

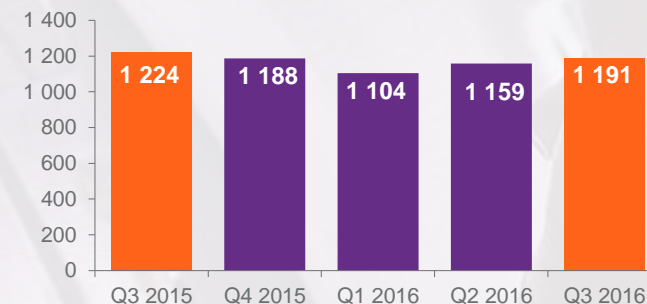


Operational data

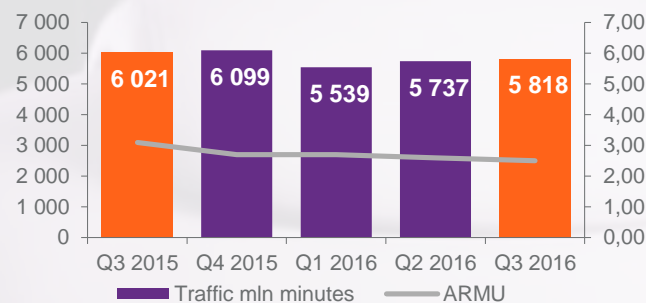
Minutes of usage (MOU)



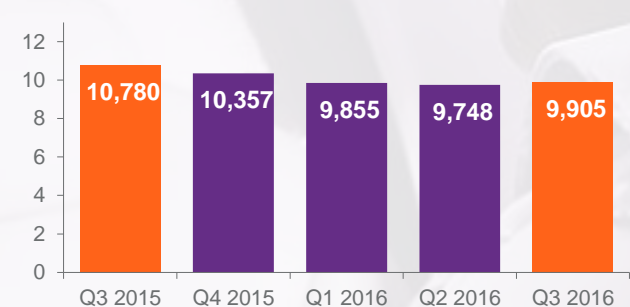
Blended ARPU



Total traffic & ARMU (KZT)



Total subscribers



Financial highlights

KZT in millions, except per share data, number of shares and changes

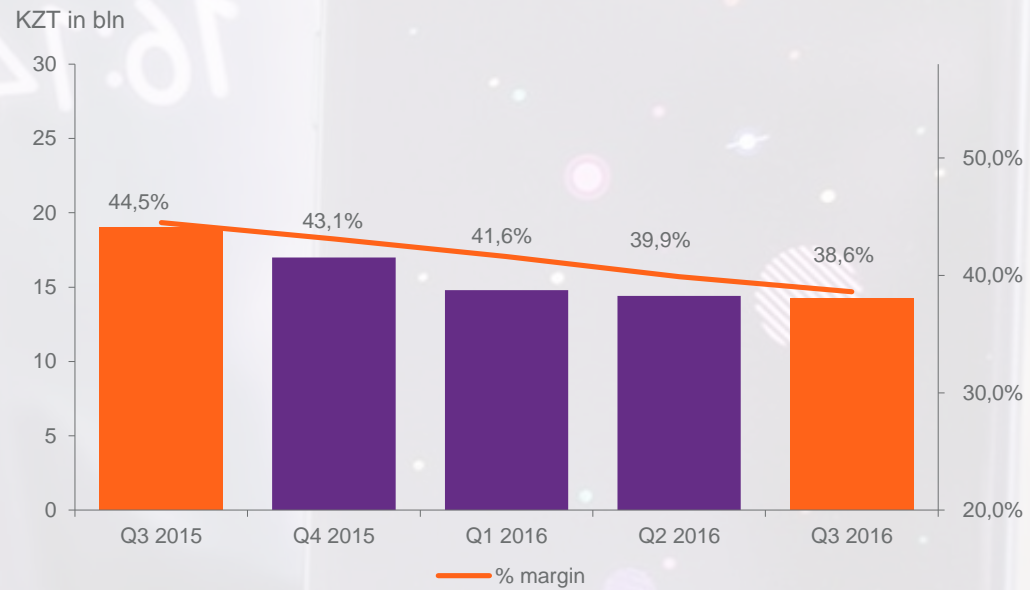
	Q3 2016	Q3 2015	Chg (%)	9m 2016	9m 2015	Chg (%)
Net Sales	36,931	42,756	-13.6	108,814	128,820	-15.5
of which service revenue	35,032	39,612	-11.6	102,558	119,447	-14.1
EBITDA*	14,238	19,028	-25.2	43,503	64,725	-32.8
EBITDA margin (%)	38.6	44.5		40.0	50.2	
Operating income	7,916	12,849	-38.4	24,775	45,977	-46.1
Operating income*	8,056	12,849	-37.3	25,384	46,304	-45.2
Net income	4,378	15,112	-71.0	15,633	39,666	-60.6
Earnings per share (KZT)	21.9	75.6	-71.0	78.2	198.3	-60.6
CAPEX to sales (%)	27.1	11.5		38.8	8.4	
Free cash flow	7,968	12,169		-992	26,579	

*excluding non-recurring items



EBITDA performance

EBITDA performance

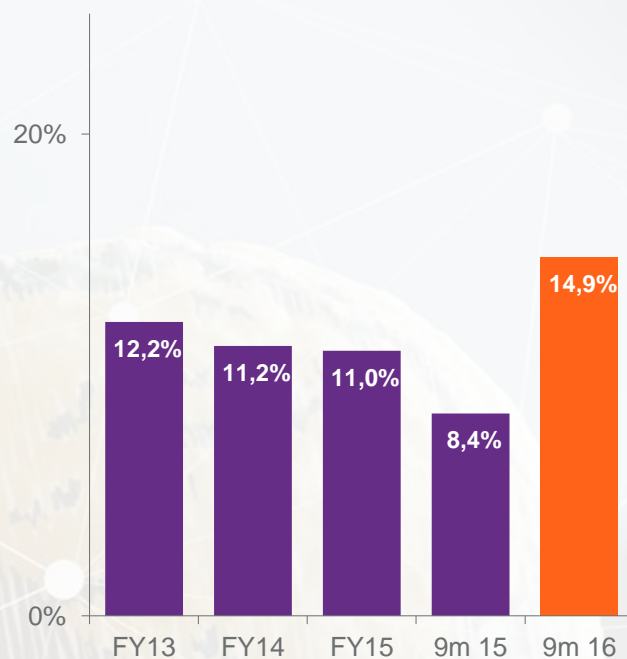


*excluding non-recurring items



Network priorities

CAPEX-to-sales ratio*



*Capex without LTE licenses

LTE launch

- Network sharing agreement with Beeline
- LTE launched in 11 cities

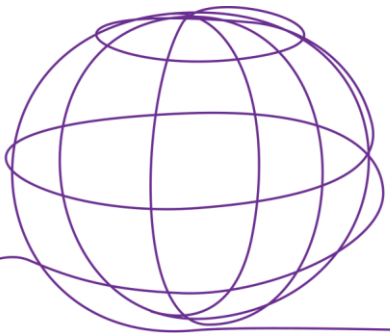
Network modernisation

- Improvement of 2G and 3G network quality and coverage
- Capacity upgrades of 2G and 3G network
- Network Core improvement

Completion of migration to new convergent billing system

Dividends

- In August 2016, the Company's paid the annual dividend of KZT 46,632 million, with the dividend per ordinary share amounting to KZT 116.58 (each ordinary share representing one GDR).
- Dividends paid electronically directly into shareholders' bank accounts who were registered at the record date of 19 May 2015.



Administrative and legal update

Update on “Daytime Unlimited”

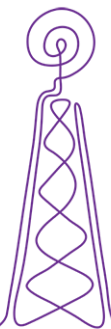
As of 1 October 2016, Kcell has returned KZT 2,467 million to customers. The migration to Amdocs convergent billing system started in July 2016.

Recovery of lost profits of Paylink LLP

The Company’s cassation appeal against the Board of Appeals’ judgment as well as cassation appeal of Paylink LLP were dismissed by the Supreme Court of the Republic of Kazakhstan.

Tax audit

The Company is undergoing tax audit that covers the period of 2011-2015. The results are expected by the end of 2016.



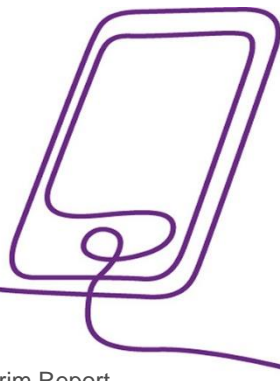


Q&A

Income statement

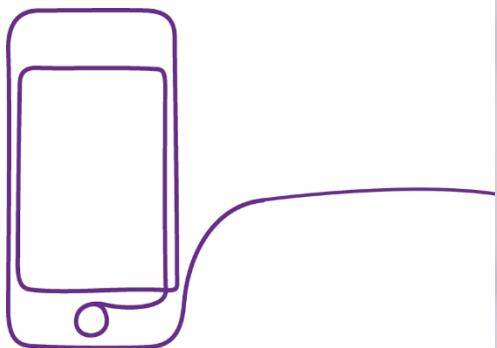
KZT in millions, except per share data, number of shares and changes

	Q3 2016	Q3 2015	Chg (%)	9m 2016	9m 2015	Chg (%)
Revenues	36,931	42,756	-13.6	108,814	128,820	-15.5
Cost of sales	-23,456	-24,418	-3.9	-67,390	-66,989	0.6
Gross profit	13,475	18,337	-26.5	41,424	61,830	-33.0
Selling and marketing expenses	-2,701	-2,347	15.1	-7,691	-7,171	7.3
General and administrative expenses	-3,029	-3,028	0.0	-9,355	-8,946	4.6
Other operating income and expenses, net	170	-113		398	263	
Operating income	7,916	12,849	-38.4	24,775	45,977	-46.1
Finance costs and other financial items, net	-2,321	6,638		-4,905	4,951	
Income after financial items	5,594	19,487	-71.3	19,869	50,928	-61.0
Income taxes	-1,216	-4,375	-72.2	-4,236	-11,262	-62.4
Net income	4,378	15,112	-71.0	15,633	39,666	-60.6
Earnings per share (KZT), basic and diluted	21.9	75.6	-71.0	78.2	198.3	-60.6



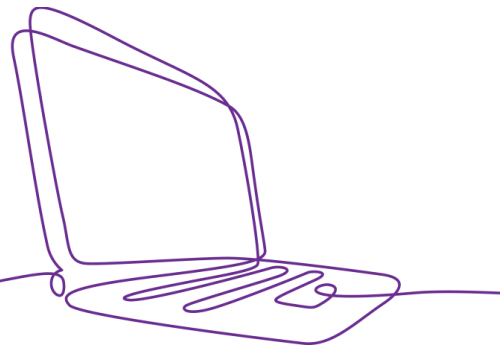
Balance sheet

KZT in millions	30 Sep 2016	31 Dec 2015
Assets		
Intangible assets	41,421	16,956
Property, plant and equipment	94,298	94,502
Other non-current assets	87	145
Financial aid	-	300
Long-term receivables	928	397
Total non-current assets	136,734	112,301
Inventories	2,488	2,802
Trade and other receivables	25,023	19,336
Cash and cash equivalents	20,747	31,589
Total current assets	48,258	53,726
Total assets	184,992	166,027
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	37,830	46,646
Total equity attributable to owners of the parent company	71,630	80,446
Long term borrowings	8,000	-
Deferred tax liabilities	4,219	5,037
Other long-term liabilities	1,285	1,286
Total non-current liabilities	13,505	6,323
Short-term borrowings	57,352	50,201
Trade payables and other current liabilities	42,506	29,057
Total current liabilities	99,858	79,258
Total equity and liabilities	184,992	166,027



Statement of cash flows

KZT in millions	Q3 2016	Q3 2015	9m 2016	9m 2015
Cash flow before change in working capital	13,813	15,229	36,018	52,085
Change in working capital	-1,670	2,526	-9,285	-6,199
Cash flow from operating activities	12,143	17,755	26,733	45,886
Cash CAPEX	-4,175	-5,586	-27,725	-19,307
Free Cash Flow	7,968	12,169	-992	26,579
Cash flow before financing activities	7,968	12,169	-992	26,579
Cash flow from financing activities	-14,316	3,300	-10,501	-15,482
Cash flow for the period	-6,348	15,469	-11,493	11,097
Cash and cash equivalents, opening balance	27,203	15,452	31,589	19,520
Cash flow for the period	-6,348	15,469	-11,493	11,097
Exchange rate difference	-108	8,037	651	8,341
Cash and cash equivalents, closing balance	20,747	38,958	20,747	38,958



Financial key ratios

	31 Sep 2016	31 Dec 2015
Return on equity* %	29.7	54.1
Return on capital employed* %	34.5	69.6
Equity/assets ratio %	38.7	48.5
Net debt/equity ratio (multiple)	48.1	23.1
Net debt/EBITDA* rate %	0.66	0.24

*Rolling 12 months



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.

