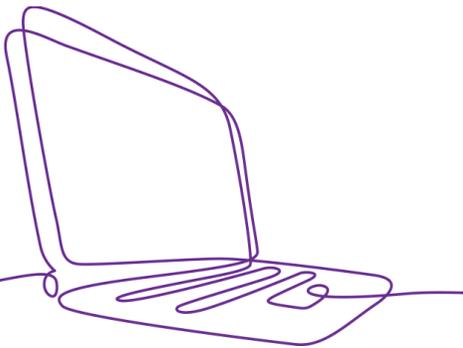




Q2 2016
Financial Results

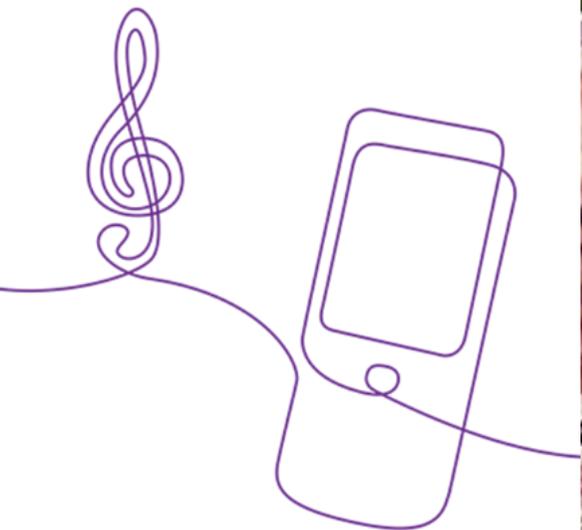
Progress and challenges in Q2

- Stabilisation of financial results in Q2 vs. Q1 2016, with the support of new consumer segment offers
- Early signs of market recovery. General market price increases in low price segment
- Stabilisation of market share
- Entry to new services in consumer and enterprise markets showing first promising signs
- Important technological upgrades
- Conversion to new billing system has started
- KASE award for “Striving towards greater transparency”
- Low price bundles offering very generous content
- Monetizing data
- Lagging market in LTE coverage
- Slow down in demand for mobile handsets



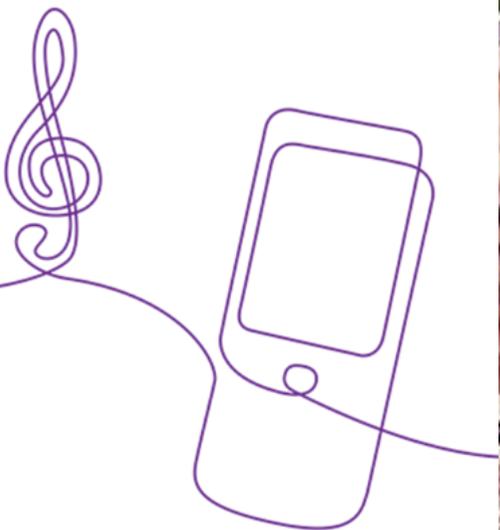
Key strategic priorities

- LTE commercial launch and network roll-out
- Increase in B2B solutions' share of revenue
- Improvement in data network quality
- Regain subscribers and grow customer base



Consolidation of KazNetMedia

- Following the acquisition of KazNetMedia which was completed on 1 June 2016, the full 6 months effect was booked in Kcell Consolidated Q2 2016
- **Positive effect on Revenue**
 - Q1 - KZT 74,0 million
 - Q2 – KZT 79,5 million
- **Negative effect on EBITDA**
 - Q1 - KZT 134,1 million
 - Q2 – KZT 172,6 million



Q2 2016 Summary

01

Net sales KZT 36,413m (42,980)

✓ Decrease of 15.3% relative to Q2 2015

02

Service revenue KZT 34,012m
(40,079)

✓ Decrease of 15.1% relative to Q2 2015

03

Data revenue 10,244m (9,873)

✓ Increase of 3.8% relative to Q2 2015

04

B2B revenue 2,918m (2,380)

✓ Increase of 22.6% relative to Q2 2015

05

EBITDA* KZT 14,338m (22,184)

✓ Decrease of 35.4% relative to Q2 2015

06

EBITDA* margin 39.4% (51.6)

✓ Decrease due to lower revenue and increase
in interconnect expenses

07

Net income KZT 4,630m (11,319)

✓ Decrease of 59.1% relative to Q2 2015

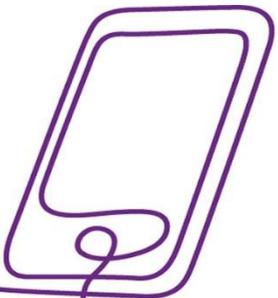
08

Subscribers 9,748m (9,855)

✓ Decrease by 107,000 during the quarter

*excluding non-recurring items

** including 6 months adjustment for consolidation of KazNetMedia



H1 2016 Summary

01

Net sales KZT 71,883m (86,064)
✓ Decrease of 16.5% year-on-year

02

Service revenue KZT 67,526m (79,835)
✓ Decrease of 15.4% year-on-year

03

Data revenue 19,732m (19,453)
✓ Increase of 1.4% year-on-year

04

B2B revenue 5,798m (4,540)
✓ Increase of 27.7% year-on-year

05

EBITDA* KZT 29,265m (45,697)
✓ Decrease of 36.0% year-on-year

06

EBITDA* margin 40.7% (53.1)
✓ Decrease due to lower revenue and an increase
In interconnect expenses year-on-year

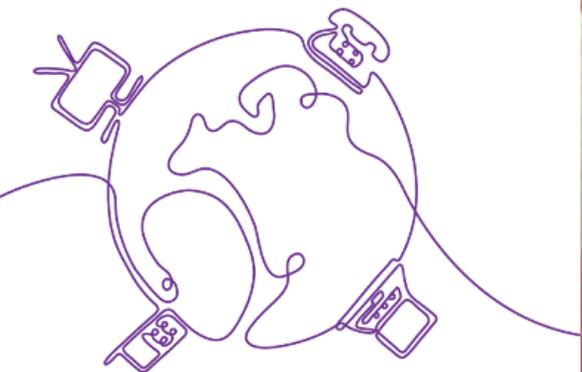
07

Net income KZT 11,255m (24,553)
✓ Decrease of 54.2% year-on-year

08

Subscribers 9,748m (10,747)
✓ Decrease by 999,000 year-on-year

*excluding non-recurring items



B2C initiatives



Активный

тарифная линейка

Product development

Launch of new nation-wide bundled offer “Active”

- Free on-net calls
- Minutes to other local mobiles (80-250 min)
- Relevant data volume (4GB-35GB)
- 1000 SMS
- Monthly fee from KZT 1,190 to 2,490

Low ARPU segment offer “Conversation”

Monthly fee from KZT 590

Target audience:

- Feature phone users
- Smartphones users with no data requirement
- Price sensitive users with free on-net voice preferences

Hello Kazakhstan (HK) new subscription close

PSTN excluded from offer from mid-June

B2C initiatives (cont'd)



Distribution of promotional SIM, starter packs

- Increase of customer base in low market share regions
- New customers are able to test products and coverage, 51% of customers remain active in second month

Sales channels expansion

Direct delivery channel expansion

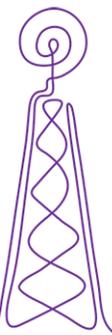
- Distribution chain incentivisation consideration; aim to increase cash flow at appropriate cost level
- New, attractively designed starter packs have been introduced and distributed to all POS

Non direct delivery channel launch

- To ensure presence in Consumer Electronics Retail Network

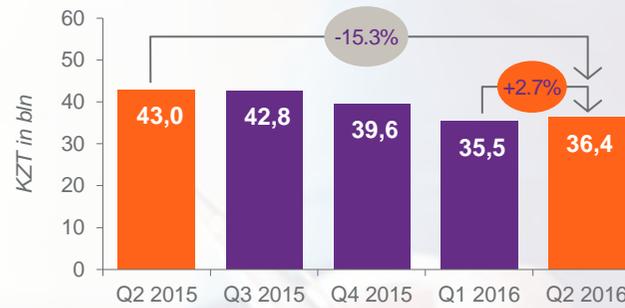
Entertainment and content business

	Total # of subscribers	Active users	Trial users
Current results			
 Activ TV	11,317	8,619	2,698
 Activ Music	29,997	19,189	10,808
 Bookmate by Activ	15,014	14,425	583

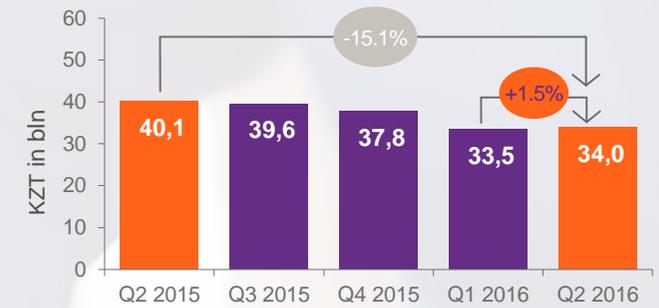


Revenue trend

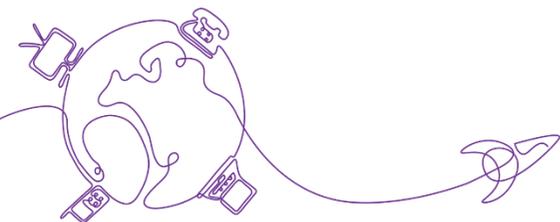
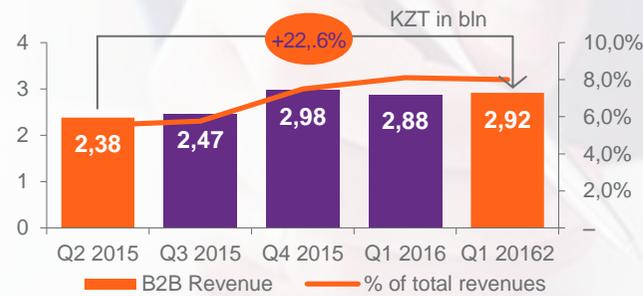
Net sales



Service revenue

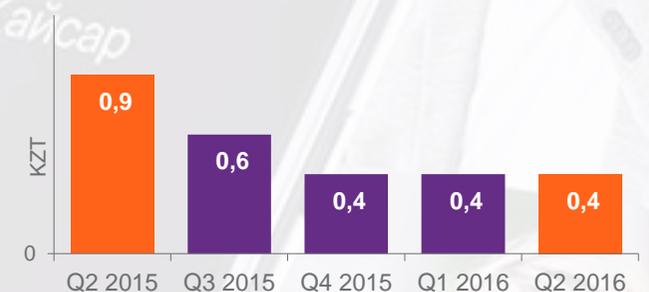
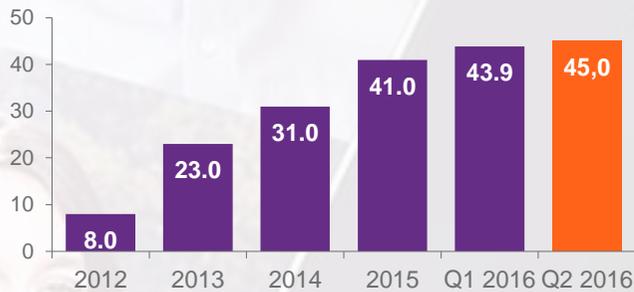


B2B revenue



Data usage and revenues

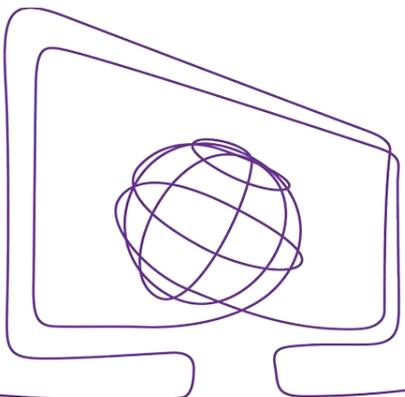
Smartphone penetration % (network) Average revenue per MB



Data traffic

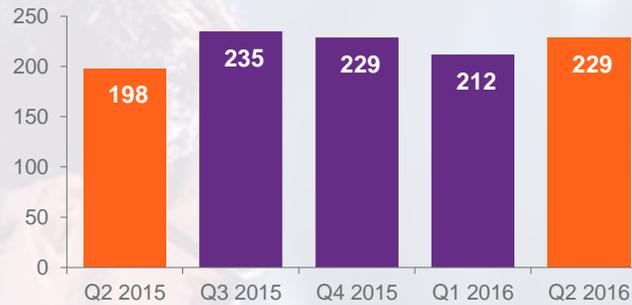


Data revenue

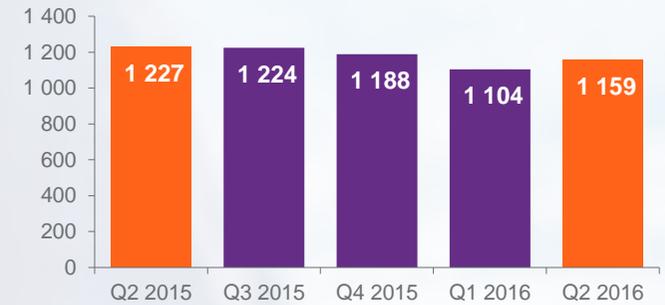


Operational data

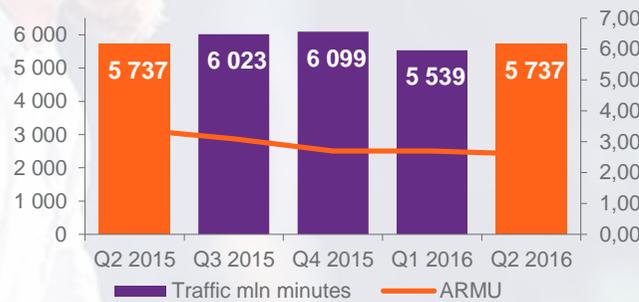
Minutes of usage (MOU)



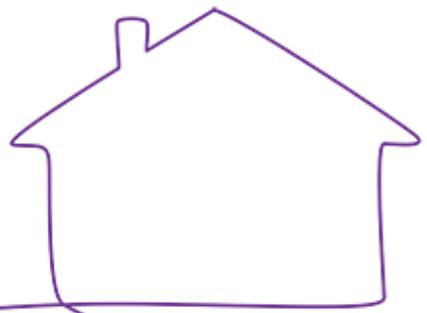
Blended ARPU



Total traffic & ARMU (KZT)



Total subscribers

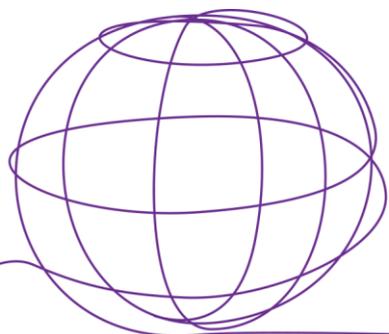


Financial highlights

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

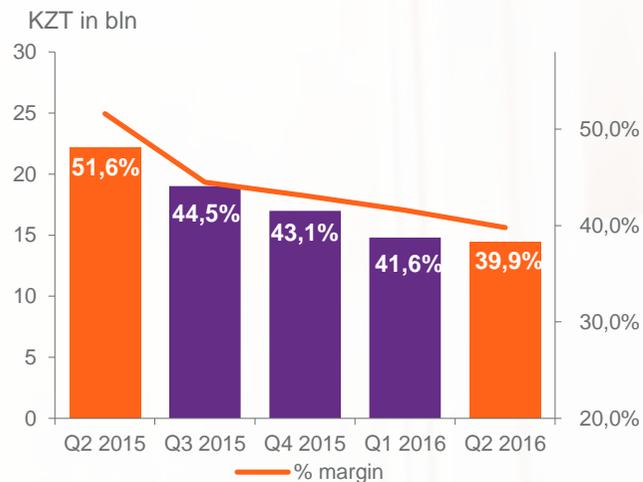
	Q2 2016	Q1 2015	Chg (%)	H1 2016	H1 2015	Chg (%)
Net Sales	36,413	42,980	-15.3	71,883	86,064	-16.5
of which service revenue	34,012	40,079	-15.1	67,526	79,835	-15.4
EBITDA*	14,338	22,184	-35.4	29,265	45,697	-36.0
EBITDA margin (%)	39.4	51.6		40.7	53.1	
Operating income	7,801	16,057	-51.4	16,859	33,127	-49.1
Operating income*	7,914	16,057	-50.7	17,329	33,454	-48.2
Net income	4,630	11,319	-59.1	11,255	24,553	-54.2
Earnings per share (KZT)	23.1	56.6	-59.1	56.3	122.8	-54.2
CAPEX to sales (%)	8.3	8.9		44.8	6.9	
Free cash flow	4,534	11,221		-8,960	14,410	

*excluding non-recurring items

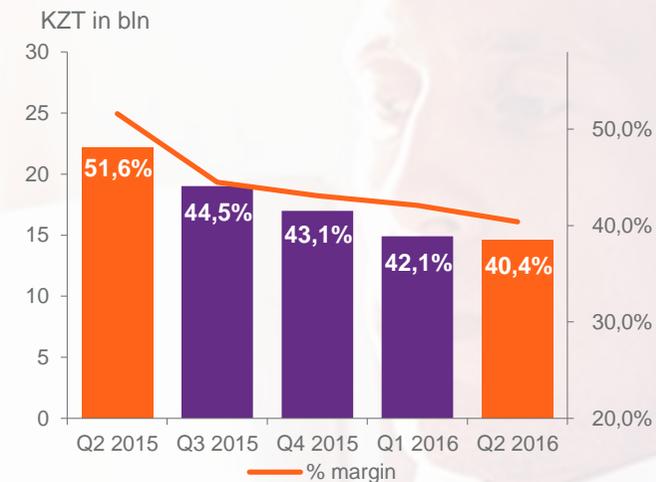


EBITDA performance

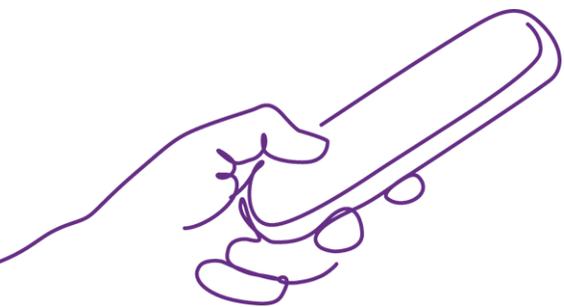
EBITDA* consolidated



EBITDA* excluding KazNetMedia

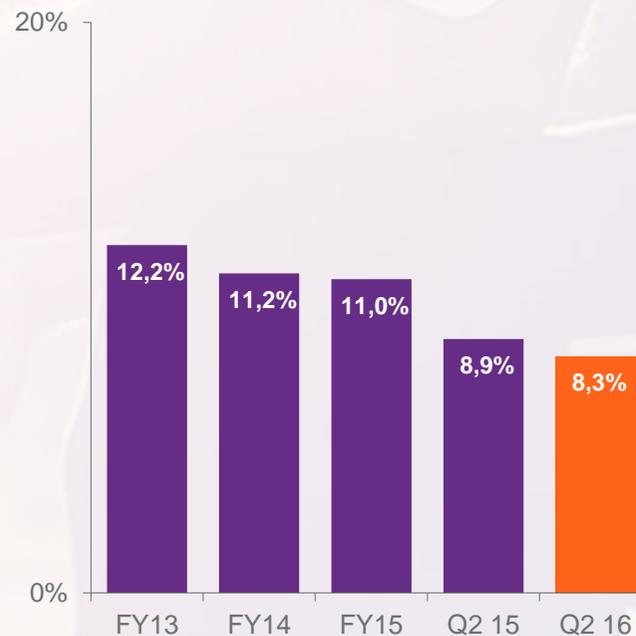


*excluding non-recurring items



Network priorities for 2016

CAPEX-to-sales ratio*



LTE launch

- Initial focus on largest cities
- Enhanced speed and quality

Network modernisation

- Modernise 2G and 3G networks using LTE upgrades

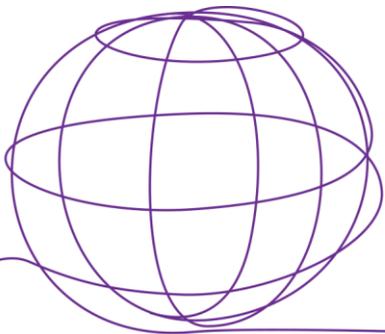
Completion of migration to new convergent billing system

* Capex without LTE licenses



Dividends

- The Annual General Meeting of Shareholders AGM held on 18 May 2016 approved the proposal of the Kcell Board of Directors to approve the Company's net income of KZT 46,632 million in 2015 and to distribute 50 percent of net income as an annual dividend, with the dividend per ordinary share amounting to KZT 116.58 (each ordinary share representing one GDR).
- Dividends will be paid electronically directly into shareholders' bank accounts. Kcell shareholders who are registered at the record date of 19 May 2015 (01:00 Almaty time) will be entitled to receive the dividends.
- Dividends will be paid in a lump sum from 1 August 2016 (09:00 Almaty time).



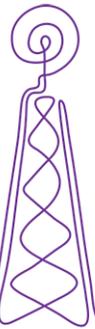
Legal overview

Update on “Daytime Unlimited”

As of 1 April 2016, Kcell has returned KZT 2,387 million to customers. The transition (migration) to Amdocs convergent billing system started in July 2016.

Recovery of lost profits of Paylink LLP

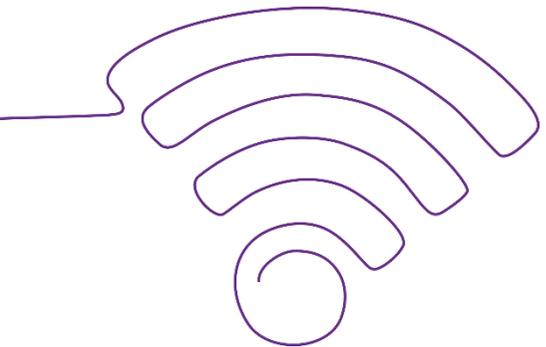
On 22 June 2016, Kcell’s appeal over its claim against Paylink LLP for the recovery of lost profits was partially granted by the Almaty City Board of Appeals; the decision of the Economic Court of Almaty city of 29 March 2016 was changed and the amount claimed was reduced to KZT 67.1 million; the state fee was also reduced to KZT 2.0 million. The Company intends to file a cassation appeal against this judgment of the Board of Appeals in the Supreme Court of the Republic of Kazakhstan.



Subsequent events

On 15 July 2016, the Company announced the following:

- The Board of Directors decided on 13 July 2016 to change the terms of the Agreement between Kcell JSC and Halyk Bank of Kazakhstan JSC signed on 24 September 2013. The credit facility has been increased to KZT 42 billion from KZT 30 billion, while its term extended until 2 December 2019.
- That it has extended the terms of its KZT17 billion loan from Kazkommertsbank JSC for twelve months starting from 25 September 2016. The loan was obtained for the purpose of financing the Company's working capital.
- The Board of Directors decided on 13 July 2016 to increase its USD 15 million credit facility from Citibank Kazakhstan JSC to USD 65 million within the framework of the General Agreement on Contingent Obligations from 17 September 2015.

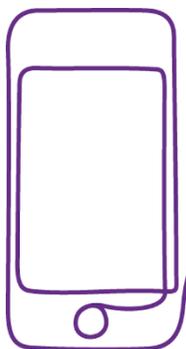


Income statement

KZT in millions, except per share data, number of shares and changes	Q2 2016	Q2 2015	Chg (%)	H1 2016	H1 2015	Chg (%)
Revenues	36,413	42,980	-15.3	71,883	86,064	-16.5
Cost of sales	-23,206	-21,449	8.2	-43,934	-42,571	3.2
Gross profit	13,207	21,530	-38.7	27,948	43,493	-35.7
Selling and marketing expenses	-2,478	-2,680	-7.6	-4,991	-4,824	3.5
General and administrative expenses	-3,204	-2,966	8.0	-6,326	-5,918	6.9
Other operating income and expenses, net	276	174	58.9	227	376	-39.5
Operating income	7,801	16,057	-51.4	16,859	33,127	-49.1
Finance costs and other financial items, net	-1,834	-1,405	30.5	-2,584	-1,687	53.2
Income after financial items	5,967	14,652	-59.3	14,275	31,440	-54.6
Income taxes	-1,337	-3,333	-59.9	-3,020	-6,887	-56.1
Net income	4,630	11,319	-59.1	11,255	24,553	-54.2
Earnings per share (KZT), basic and diluted	23.1	56.6	-59.1	56.3	122.8	-54.2

Balance sheet

KZT in millions	30 June 2016	31 Dec 2015
Assets		
Intangible assets	40,490	16,956
Property, plant and equipment	91,417	94,502
Other non-current assets	86	145
Financial aid	-	300
Long-term receivables	975	397
Total non-current assets	132,968	112,301
Inventories	2,321	2,802
Trade and other receivables	25,616	19,336
Cash and cash equivalents	27,203	31,589
Total current assets	55,141	53,726
Total assets	188,109	166,027
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	33,451	46,646
Total equity attributable to owners of the parent company	67,251	80,446
Deferred tax liabilities	4,693	5,037
Other long-term liabilities	1,285	1,286
Total non-current liabilities	5,979	6,323
Short-term borrowings	56,433	50,201
Trade payables and other current liabilities	58,446	29,057
Total current liabilities	114,879	79,258
Total equity and liabilities	188,109	166,027



Statement of cash flows

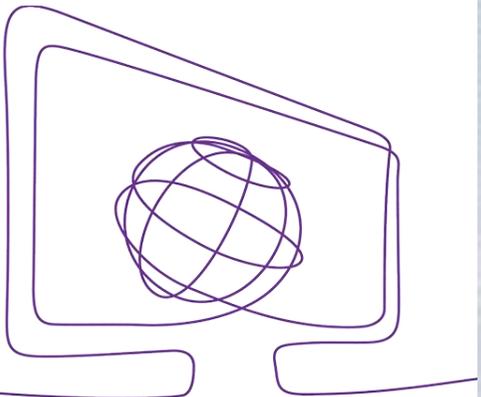
KZT in millions	Q2 2016	Q2 2015	H1 2016	H1 2015
Cash flow before change in working capital	11,507	17,794	22,205	36,856
Change in working capital	-3,274	-1,418	-7,615	-8,725
Cash flow from operating activities	8,233	16,376	14,590	28,131
Cash CAPEX	-3,699	-5,155	-23,550	-13,721
Free Cash Flow	4,534	11,221	-8,960	14,410
Cash flow before financing activities	4,534	11,221	-8,960	14,410
Cash flow from financing activities	3,815	-18,782	3,815	-18,782
Cash flow for the period	8,349	-7,561	-5,145	-4,372
Cash and cash equivalents, opening balance	19,142	22,972	31,589	19,520
Cash flow for the period	8,349	-7,561	-5,145	-4,372
Exchange rate difference	-287	41	760	304
Cash and cash equivalents, closing balance	27,203	15,452	27,203	15,452

Financial key ratios

	31 June 2016	31 Dec 2015
Return on equity* %	45.1	54.1
Return on capital employed* %	59.1	69.6
Equity/assets ratio %	35.8	48.5
Net debt/equity ratio (multiple)	39.6	23.1
Net debt/EBITDA** rate %	0.48	0.24

*Rolling 12 months

**Rolling 12 months, excl. non-recurring items



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.

