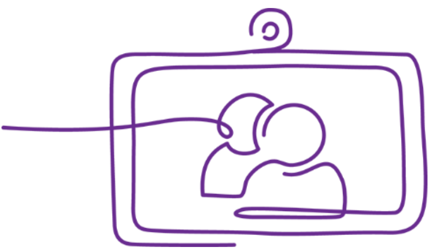
Q1 2016
Financial Results

Progress and challenges in Q1

- ✓Availability of 4G/LTE for all operators
- ✓LTE pilot launch in 4 cities
- ✓Price adjustment by competitors, while removing unlimited offers
- ✓Increase of B2B revenue share due to strengthened business solutions
- ✓Two prestigious call center awards “Crystal garniture”
- ✓Significant improvement in interconnect balance, despite reduction in MTR

- ✓Reduced revenue and earnings due to continued loss of subscribers
- ✓Low price bundles offering a very generous content
- ✓Continued macroeconomic uncertainty
- ✓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 in urban areas
- Launch of new products

Q1 2016 Summary

01

Net sales KZT 35,470m (43,085)

- ✓ Decrease of 17.7% year-on-year

02

Service revenue KZT 33,514m (39,756)

- ✓ Decrease of 15.7% year-on-year

03

Data revenue 9,488m (9,580)

- ✓ Stable relative to Q1 2015

04

B2B revenue 2,880m (2,164)

- ✓ Increase of 33.1% year-on-year

05

EBITDA* KZT 14,928m (23,554)

- ✓ Decrease of 36.6% year-on-year

06

EBITDA* margin 42.1% (54.7)

- ✓ Decrease due to lower revenue and an increase in interconnect expenses year-on-year

07

Net income KZT 6,625m (13,234)

- ✓ Decrease of 49.9% year-on-year

08

Subscribers 9,855m (10,357)

- ✓ Decrease by 502,000 during the quarter

***excluding non-recurring items**

Market trends

01

No significant signs of market recovery, but there have been some indications that the intense downward pressure on pricing starting to ease

02

An increase of B2B revenue share to 8.1% in Q1 2016 from 7.5 % in Q4 2015

04

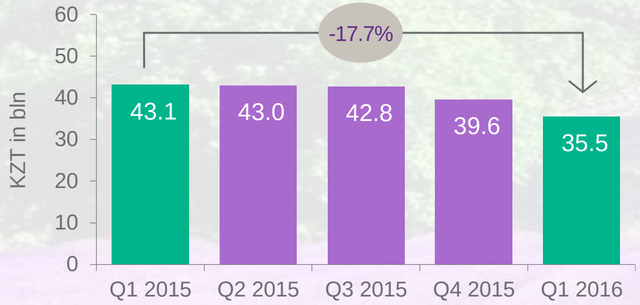
Launch of LTE will become a game changer

05

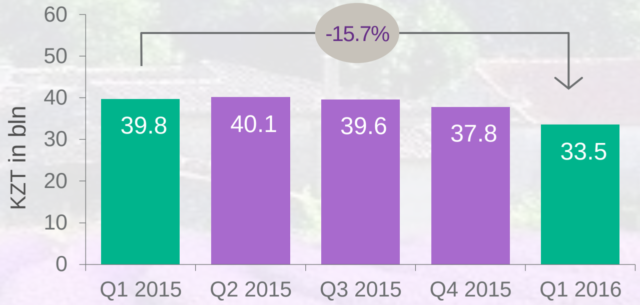
MNP launched in January 2016 resulted in a net port-out of 0.3% of customers

Revenue trend

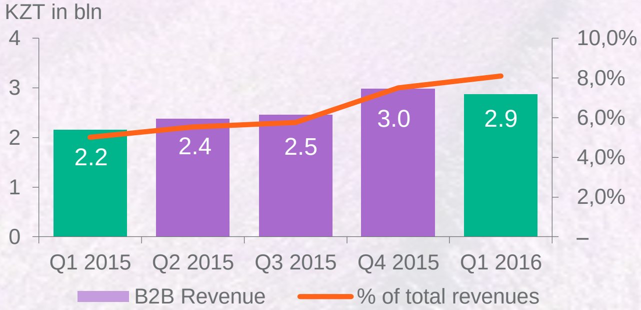
Net sales



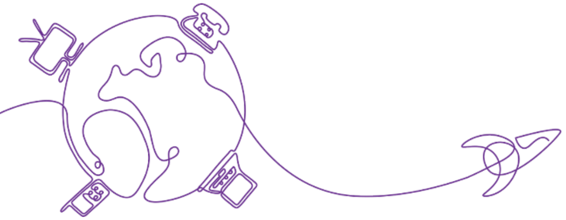
Service revenue



B2B revenue

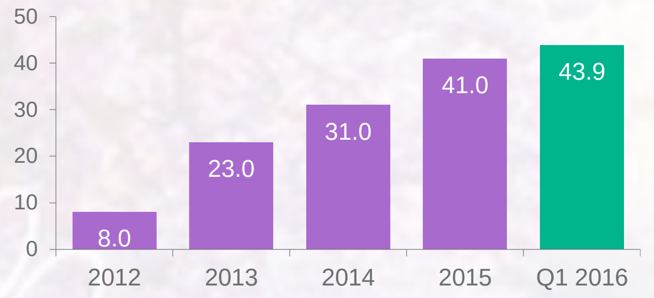


The reduction in interconnect termination rates between mobile operators from 8 to 5 tenge per minute from 1st Jan 2016 affected service revenues by KZT 2.3 bln

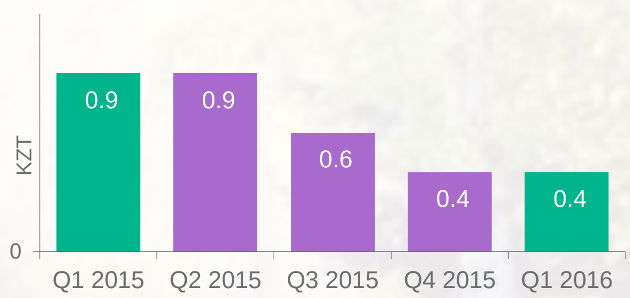


Data usage and revenues

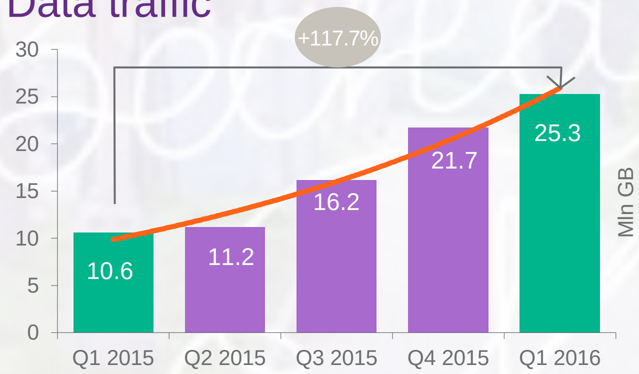
Smartphone penetration % (network)



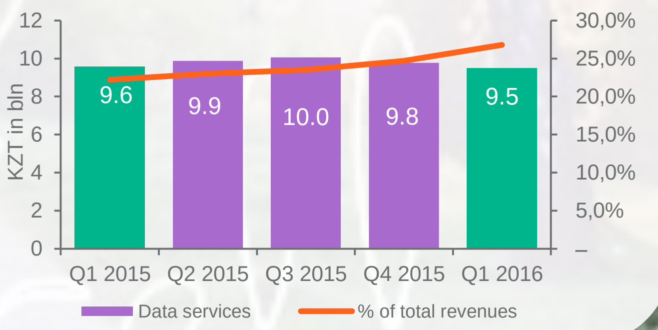
Average revenue per MB



Data traffic

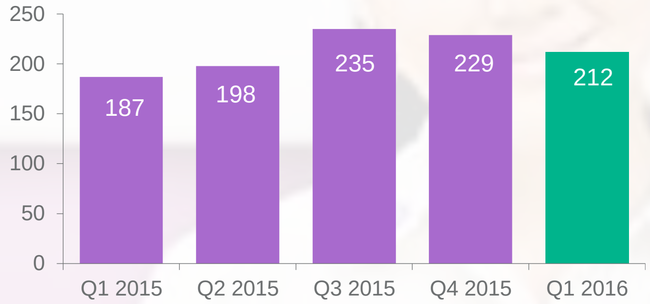


Data revenue

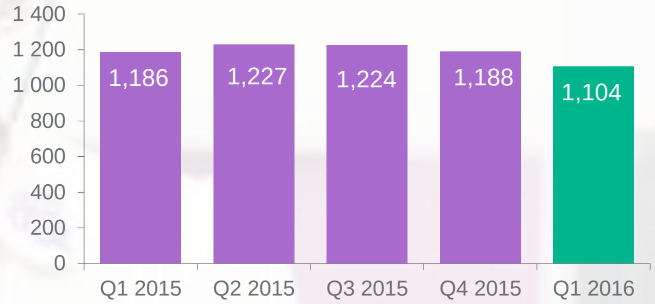


Operational data

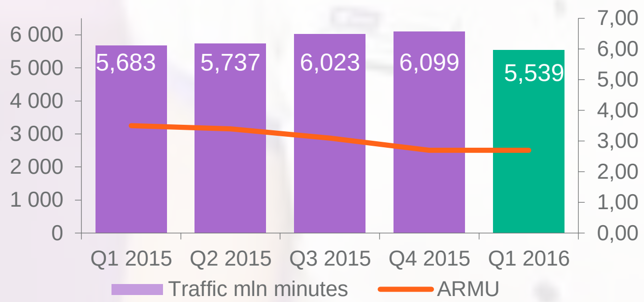
Minutes of usage (MOU)



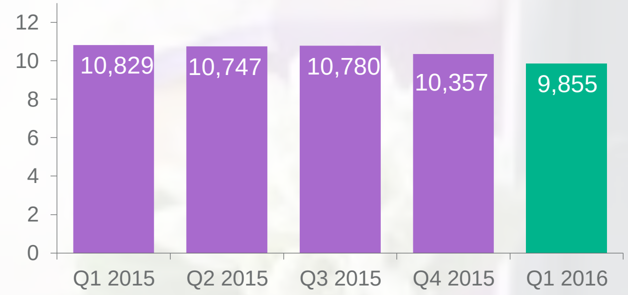
Blended ARPU



Total traffic & ARMU (KZT)



Total subscribers



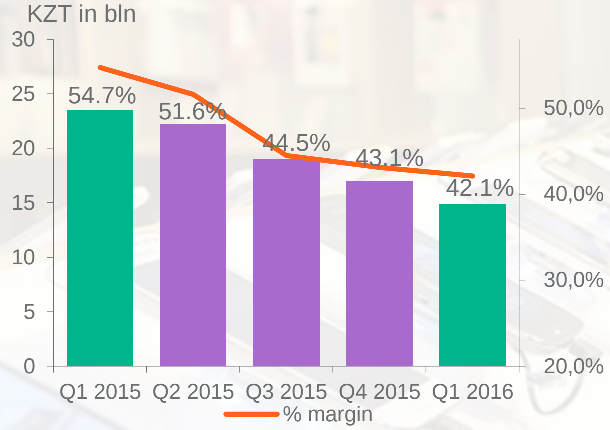
Financial highlights

KZT in millions, except per share data, number of shares and changes	Q1 2016	Q1 2015	*Chg (%)*	FY 2015
Net Sales	35,470	43,085	*-17.7*	168,424
of which service revenue	33,514	39,756	*-15.7*	157,288
EBITDA*	14,928	23,554	*-36.6*	81,787
EBITDA margin (%)	42.1	54.7		48.6
Operating income	9,058	17,111	*-47.1*	52,601
Operating income*	9,415	17,438	*-46.0*	57,213
Net income	6,625	13,234	*-49.9*	46,632
Earnings per share (KZT)	33.1	66.2	*-49.9*	233.2
CAPEX to sales (%)	82.2	4.9		11.0
Free cash flow	-13,494	3,189		32,400

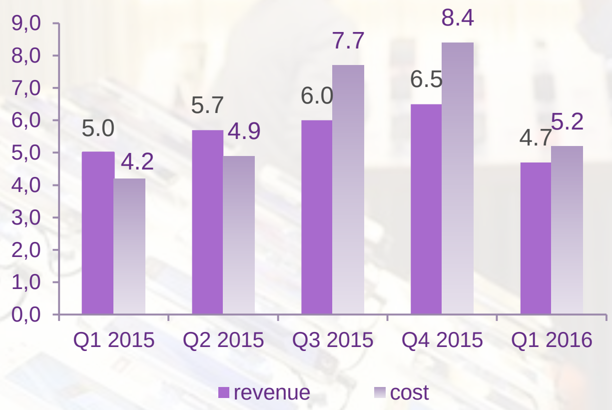
***excluding non-recurring items**

EBITDA performance

EBITDA* development



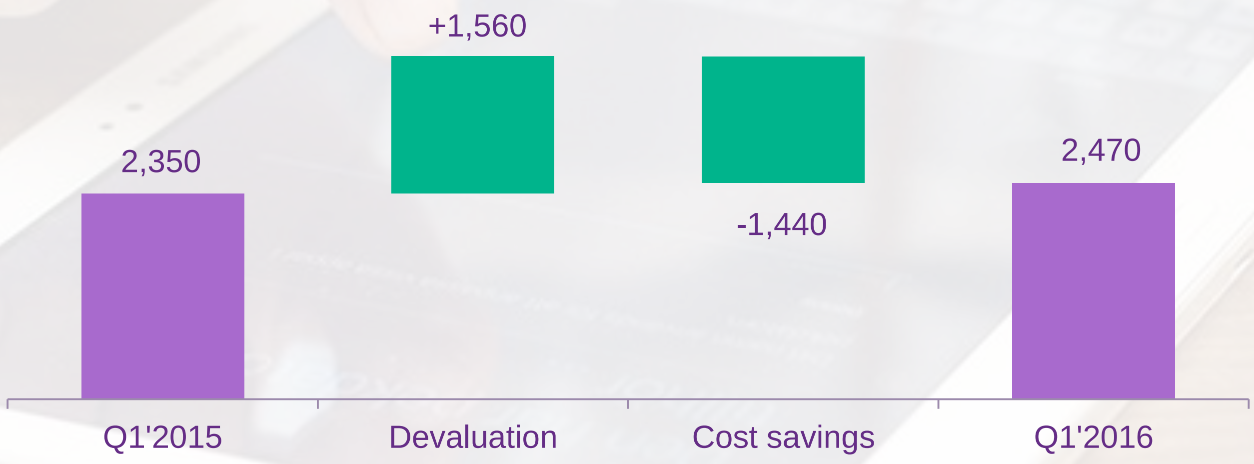
Interconnect balance



- EBITDA* margin of 42.1% in Q1 2016 vs. 54.7% in Q1 2015

*excluding non-recurring items

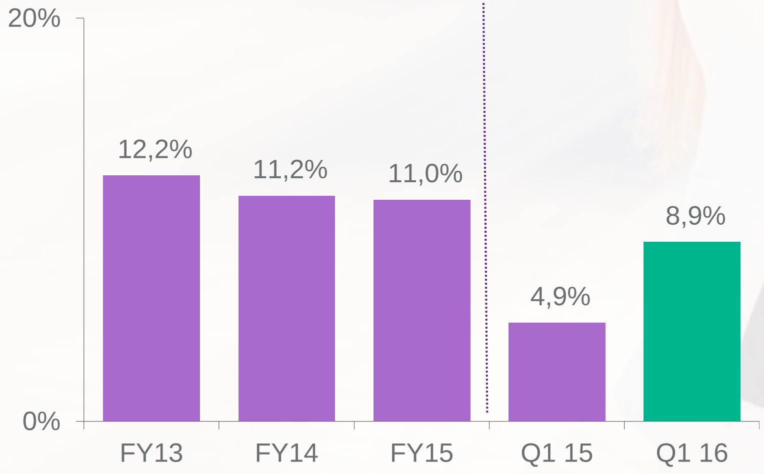
Support & maintenance cost savings



CAPEX-to-sales ratio and network priorities for 2016

- **LTE launch**
  - Initial focus on largest cities
  - Enhanced speed and quality
- **Network modernisation**
  - Modernise 2G and 3G networks using LTE upgrades
- **Migration to convergent billing system**

CAPEX-to-sales ratio, excluding new frequencies



CAPEX-to-sales ratio, including KZT 26 billion for new frequencies, was 82.2 percent (4.9)

Dividends

- The Board of Directors approved a decision to convene the Annual General Meeting of shareholders on 18 May 2016.
- In light of Kcell's medium-term investment plans, LTE investments in spectrum and capex, the Board recommended the annual dividend in the amount of KZT 23,316 million, or KZT 116.58 per ordinary share. This represents 50 percent of the Company's net income for the FY 2015.
- The proposed record date of Shareholders entitled to receive the dividends is 19 May 2016 (01:00 Almaty time). If approved at the AGM on 18 May 2016, the proposed Dividend will be paid starting from 1 August 2016.

Legal overview

Update on “Daytime Unlimited”

- In compliance with the order on 22 July 2015, the Company started refunding its Kcell brand subscribers for the period from January 2012 to September 2013.
- In accordance with an agreement reached with the Competition Authority Leadership, the Company has started to refund its subscribers for the subsequent period.
- As of 1 April 2016, Kcell refunded KZT 2,387 million to its customers. Subsequently, the Company will be refunding its prepaid subscribers for non-interrupted calls and Internet connections until the transition (migration) to new convergent billing system is completed.

Legal overview

Recovery of lost profits of Paylink LLP

- On 29 March 2016, the Specialised Inter-District Economic Court of Almaty approved a partial satisfaction of Paylink LLP's claim in the amount of KZT 94 million.
- Paylink LLP claimed a compensation for the recovery of lost profits in the amount of KZT 196.9 million. The compensation is related to the contract for payment receipts concluded in 2008, which early termination was invalidated by the court in 2014 with resumption of its activities for a period of 57 calendar days. In addition, according to the court decision in 2014, Paylink LLP is obligated to refund KZT 189.6 million to Kcell JSC.
- Kcell JSC plans to appeal against this decision to Almaty City Court and file complaints against the actions of the judge during the court case to the Prosecutor's Office of Almaty, the Almaty City Court and the judicial panel.

Q&A

Income statement

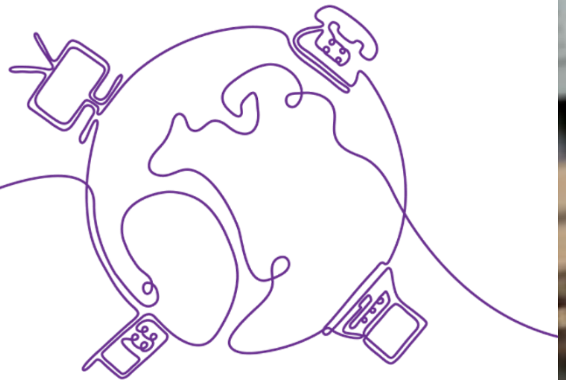
KZT in millions, except per share data, number of shares and changes	Q1 2016	Q1 2015	Chg (%)	FY 2015
Revenues	35,470	43,085	*-17.7*	168,424
Cost of sales	-20,728	-21,122	*-1.9*	-89,932
Gross profit	**14,741**	**21,963**	***-32.9***	**78,492**
Selling and marketing expenses	-2,513	-2,143	*17.2*	-9,221
General and administrative expenses	-3,122	-2,951	*5.8*	-12,381
Other operating income and expenses, net	-49	243	*-120.1*	-4,289
Operating income	**9,058**	**17,111**	***-47.1***	**52,601**
Finance costs and other financial items, net	-750	-323	*132.0*	7,811
Income after financial items	**8,308**	**16,788**	***-50.5***	**60,412**
Income taxes	-1,683	-3,554	*-52.7*	-13,780
Net income	**6,625**	**13,234**	***-49.9***	**46,632**
Earnings per share (KZT), basic and diluted	33.1	66.2	*-49.9*	233.2

Balance sheet

KZT in millions	31 March 2016	31 Dec 2015
Assets		
Intangible assets	42,051	16,956
Property, plant and equipment	93,041	94,502
Other non-current assets	86	145
Financial aid	300	300
Long-term receivables	771	397
Total non-current assets	**136,249**	**112,301**
Inventories	3,162	2,802
Trade and other receivables	23,366	19,336
Cash and cash equivalents	19,143	31,589
Total current assets	**45,671**	**53,726**
Total assets	**181,920**	**166,027**
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	53,271	46,646
Total equity attributable to owners of the parent company	**87,071**	**80,446**
Deferred tax liabilities	4,695	5,037
Other long-term liabilities	1,285	1,286
Total non-current liabilities	**5,980**	**6,323**
Short-term borrowings	50,219	50,201
Trade payables and other current liabilities	38,650	29,057
Total current liabilities	**88,869**	**79,258**
Total equity and liabilities	**181,920**	**166,027**

Statement of cash flows

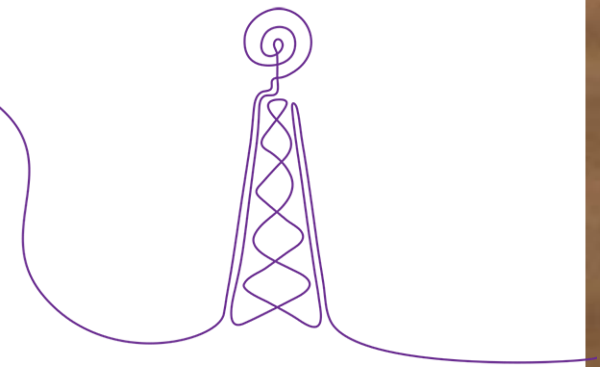
KZT in millions	Q1 2016	Q1 2015	FY 2015
Cash flow before change in working capital	10,698	19,062	65,572
Change in working capital	-4,341	-7,307	-9,858
Cash flow from operating activities	**6,357**	**11,755**	**55,714**
Cash CAPEX	-19,851	-8,566	-23,314
Free Cash Flow	-13,494	3,189	**32,400**
Cash flow before financing activities	-13,494	**3,189**	**32,400**
Cash flow from financing activities	-	**-**	-33,260
Cash flow for the period	-13,494	**3,189**	**-860**
Cash and cash equivalents, opening balance	**31,589**	**19,520**	**19,520**
Cash flow for the period	**-13,494**	**3,189**	-860
Exchange rate difference	**1,047**	**263**	12,929
Cash and cash equivalents, closing balance	**19,143**	**22,972**	**31,589**



Financial key ratios

	31 March 2016	31 Dec 2015
Return on equity* %	47.8	54.1
Return on capital employed* %	55.8	69.6
Equity/assets ratio %	47.9	48.5
Net debt/equity ratio (multiple)	35.7	23.1
Net debt/EBITDA** rate %	0.45	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.