



Q4 and FY 2017 Financial Results

Q4 AND FY 2017 HIGHLIGHTS

Q4 2017

Service revenue increased YoY for the first time in three years

Cost control and improvement of interconnect balance supported 11.2% YoY EBITDA growth

Revenue from business solutions rose 45%

Revenue share from bundled offers almost 70%

FY 2017

Full year outcome in line with guidance

Improved revenue trend

Solid performance in enterprise segment

Strong progress in rollout of 4G/LTE network

Progress in digital transformation programme

OTT service development and expansion of product portfolio

Five-year LSE and KASE listing anniversary

Restructuring of loan portfolio, reduced interest rate and increased maturity supported by bond placement

Q4 2017 SUMMARY

Net sales

KZT 38,154m (38,223)

Stable year-on-year

Service revenue

KZT 34,914m (34,779)

Increase of 0.4% year-on-year

Data revenue

KZT 12,214m (10,858)

Increase of 12.5% year-on-year

Handset sales

KZT 3,239m (3,465)

Decrease of 6.5% year-on-year

EBITDA*

KZT 16,110m (14,485)

Increase of 11.2% year-on-year

EBITDA* margin

42.2% (37.9)

Net income

KZT 5,173m (1,051)

Increase of 392.3% year-on-year

Subscribers

10,009 thousand (10,001)

Increase by 8,000 during the quarter

B2B revenue

KZT 3,691m (3,140)

Increase of 17.6% year-on-year

*excluding non-recurring items

FY 2017 SUMMARY

Net sales

KZT 147,229m (147,037)

Increase of 0.1% year-on-year

Service revenue

KZT 136,591m (137,337)

Decrease of 0.5% year-on-year

Data revenue

KZT 46,358m (41,339)

Increase of 12.1% year-on-year

Handset sales

KZT 10,633m (9,713)

Increase of 9.5% year-on-year

EBITDA*

KZT 57,321m (57,989)

Decrease of 1.2% year-on-year

EBITDA* margin

38.9% (39.4)

Net income

KZT 13,434m (16,684)

Decrease of 19.5% year-on-year

Subscribers

10,009 thousand (9,986)

Increase by 23,000 year-on-year

B2B revenue

KZT 13,241m (11,894)

Increase of 11.3% year-on-year

*excluding non-recurring items

COMMERCIAL TRENDS

Bundled customers as share of total subs

Q4 2016
30%



Q4 2017
36%

Bundle subs' share of revenue

Q4 2016
65%



Q4 2017
69%

Highly attractive smartphone portfolio

1

Direct contracts with best sellers to ensure best market offer

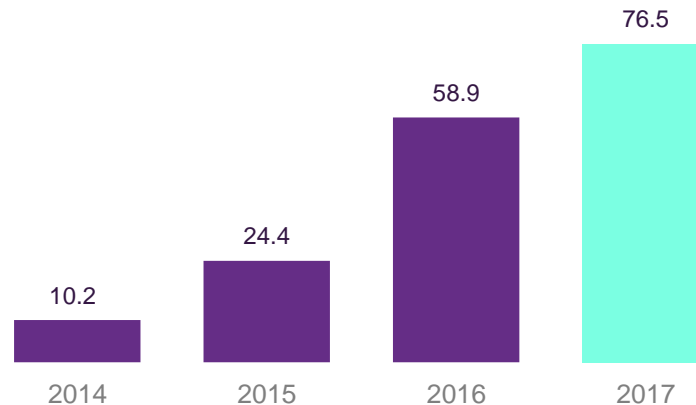
2

Iconic device pre-order campaigns followed by official launches

3

Life-cycle promo-campaigns in cooperation with vendors

Contract phone sales (units'000)



OTT SERVICES HAVE STRONG BRAND EQUITY IN THE MARKET



2.3m tracks



>70 most popular magazines



850,000 e-books in 13 languages



~100,000 movies and TV shows

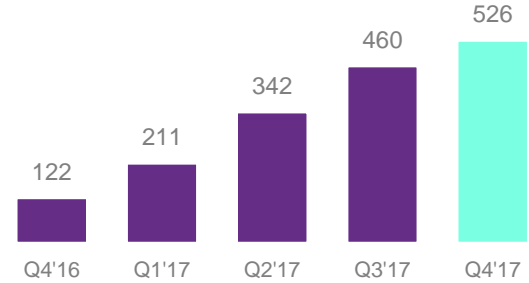


~120 TV channels

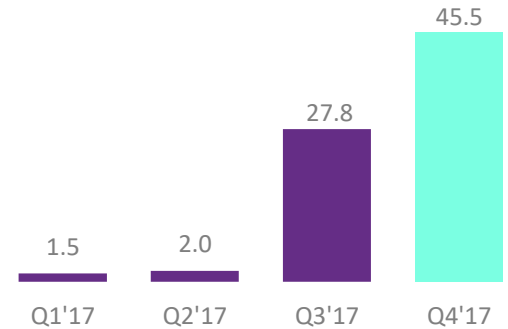


~60 mobile financial services

OTT users ('000)

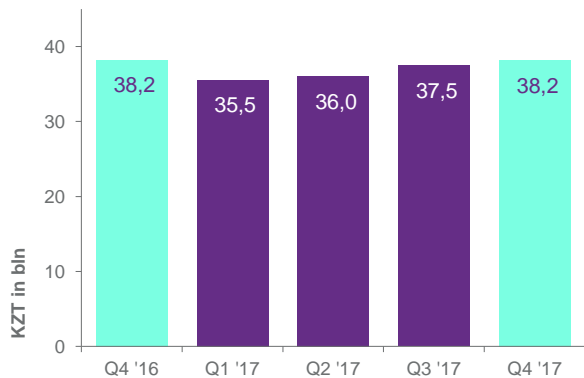


MFS users ('000)

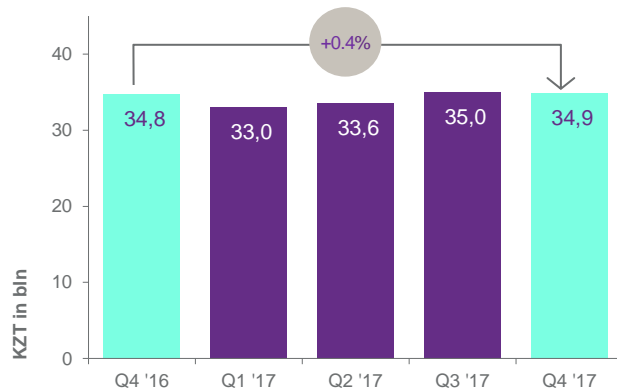


REVENUE

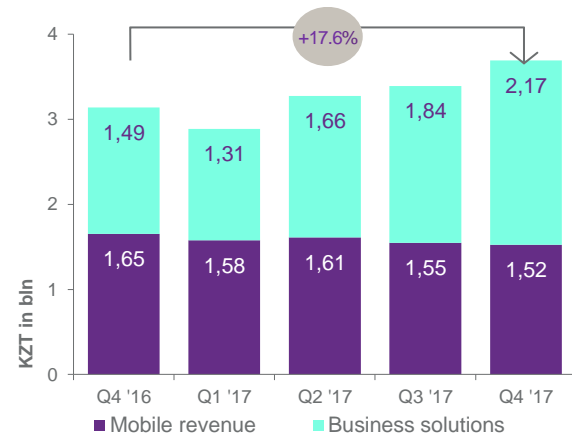
Net sales



Service revenue

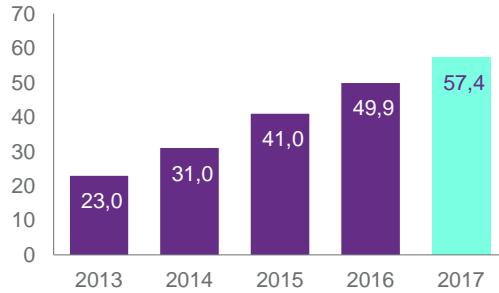


B2B revenue

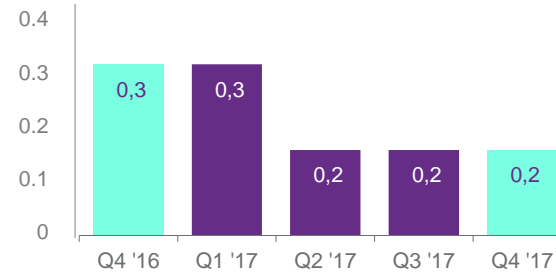


DATA USAGE AND REVENUES

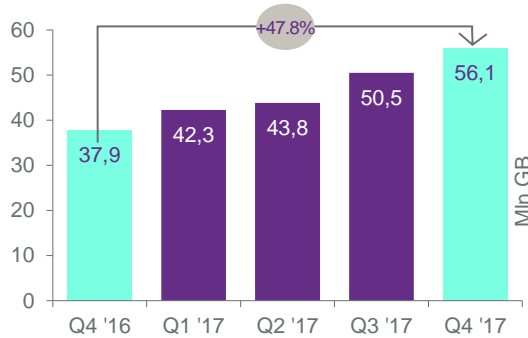
Smartphone penetration %



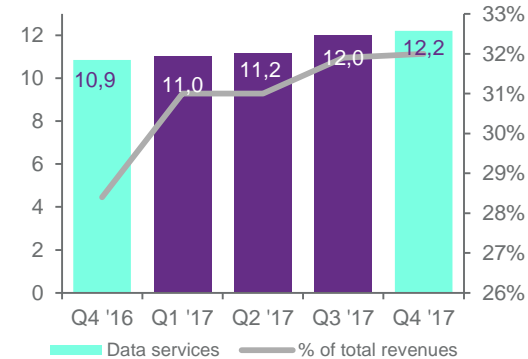
Average revenue per MB



Data traffic

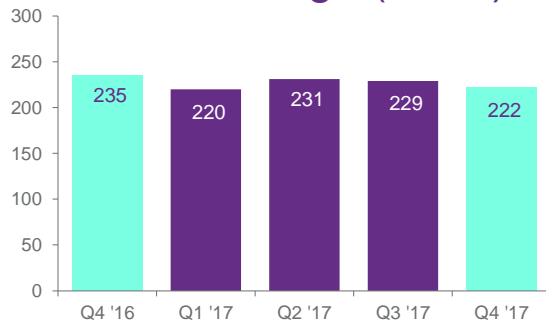


Data revenue

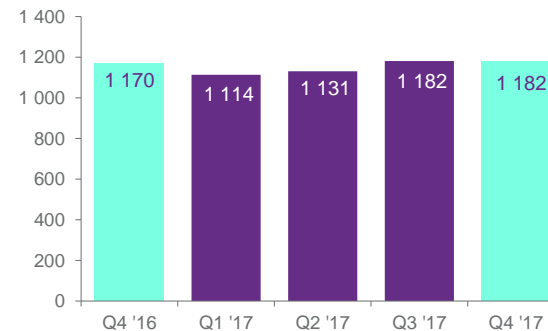


OPERATIONAL DATA

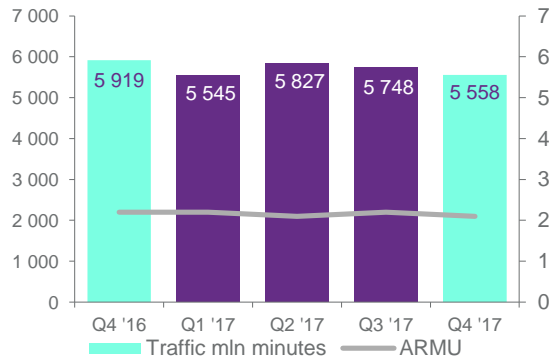
Minutes of usage (MOU)



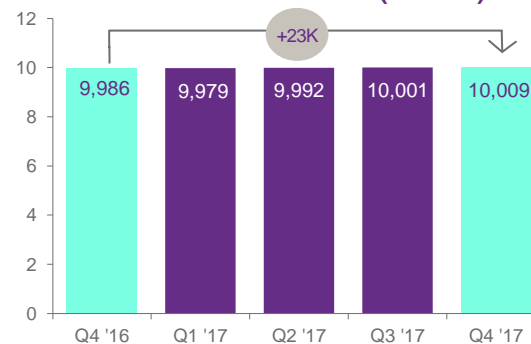
Blended ARPU (KZT)



Voice traffic & ARMU (KZT)



Total subscribers ('000)

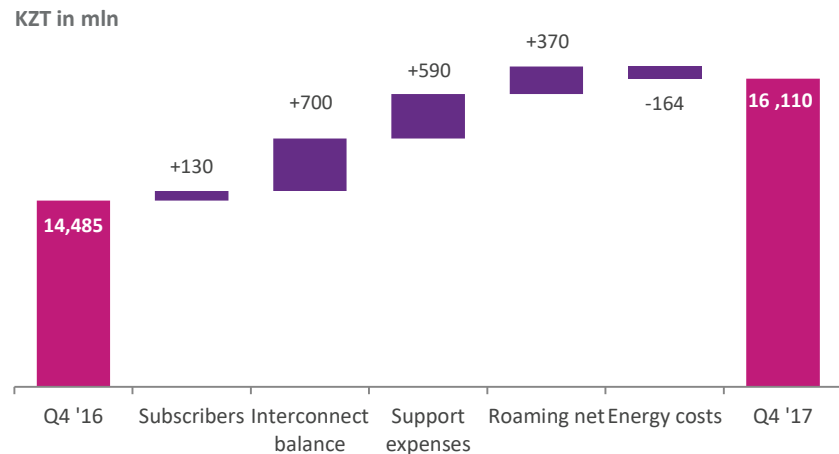
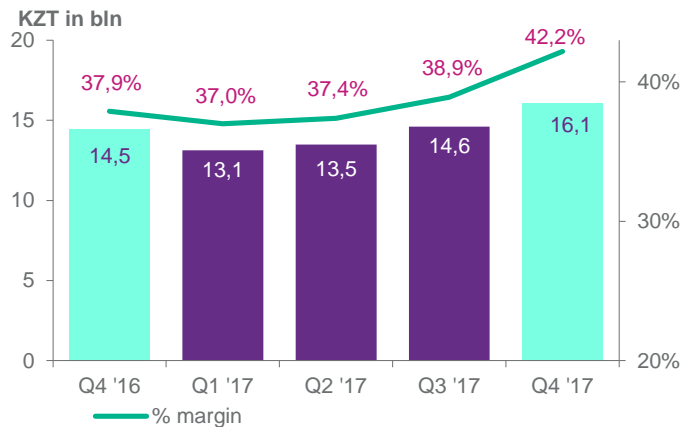


FINANCIAL HIGHLIGHTS

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

	Q4 2017	Q4 2016	Chg (%)	FY 2017	FY 2016	Chg (%)
Net Sales	38,154	38,223	-0.2	147,229	147,037	0.1
of which service revenue	34,914	34,779	0.4	136,591	137,337	-0.5
EBITDA excluding non-recurring items	16,110	14,485	11.2	57,321	57,989	-1.2
EBITDA margin (%)	42.2	37.9		38.9	39.4	
Operating income	10,015	6,267	59.8	31,501	31,041	1.5
Operating income excluding non-recurring items	10,015	8,355	19.9	34,174	33,740	1.3
Net income	5,173	1,051	392.3	13,434	16,684	-19.5
Earnings per share (KZT)	25.9	5.3	392.3	67.2	83.4	-19.5
CAPEX to sales (%)	21.1	23.1		14.7	34.7	
Free cash flow	2,710	-12,301		10,899	-13,293	

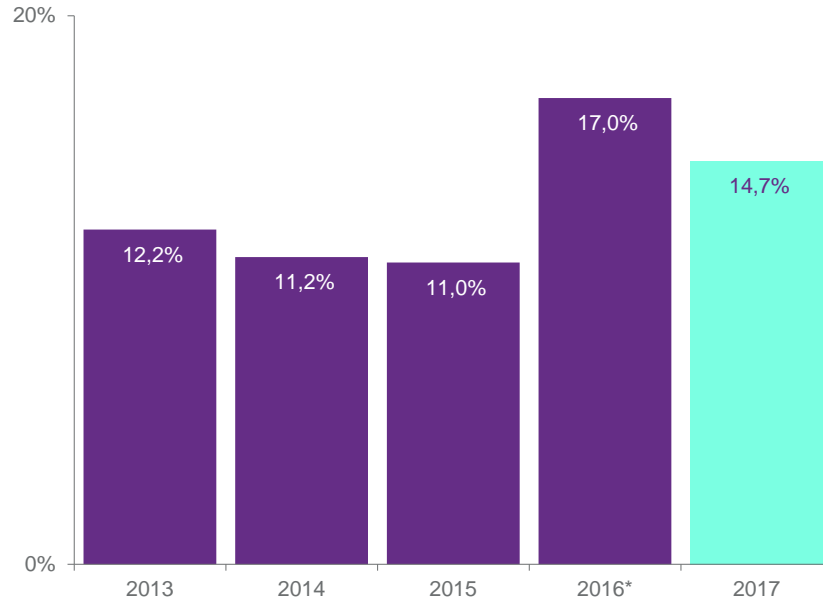
EBITDA* DEVELOPMENT



- Number of subscribers increased by 23,000 mainly due to distribution of promo packs
- Interconnect balance improved due to transfer of subscribers to tariffs with lower off-net allowance
- Decrease in software support expenses mainly due to cost optimization and transition from CBOSS to AMDOCS for postpaid billing system
- Roaming balance improvement due to increase in customer activity and growing uptake of new offers
- Increase in energy costs due increase in number of sites and 10% increase in average price

*excluding non-recurring items

CAPEX-TO-SALES



- LTE traffic - 40% of total data traffic
- LTE population coverage – 49%
- Total area coverage – 47%

*2016 excluding KZT 26,000 million for LTE frequencies

TAX AUDIT

- In July 2017, the Kazakhstan tax authority completed its comprehensive tax audit for the period between 2012 and 2015
- Total claim by tax authorities of KZT 9.0 billion, of which KZT 5.8 billion is for unpaid taxes and KZT 3.2 billion represents fines and penalties for late payment
- In Q4 2016 a tax provision of KZT 3,962 million was made, with additional accrual of KZT 2,673 in Q2 2017
- Kcell submitted an appeal to the highest level of Kazakhstan's government and to the Ministry of Finance. In January 2018, Kcell filed an appeal with the Court of First Instance.

Q&A

FINANCIAL KEY RATIOS

	31 Dec 2017	31 Dec 2016
Return on equity* %	17.9	23.0
Return on capital employed* %	23.8	25.9
Equity/assets ratio %	41.4	40.1
Net debt/equity ratio %	77.7	78.3
Net debt/EBITDA* rate %	1.06	1.03

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.