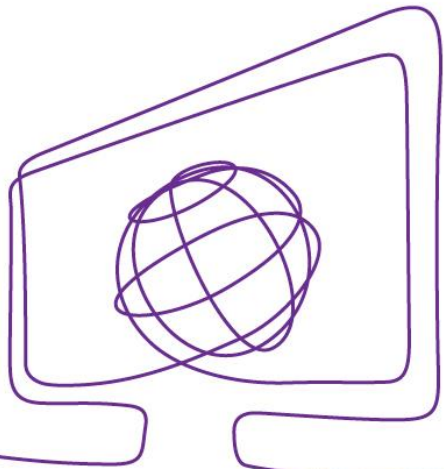


Kcell JSC Q1 2018 Financial results

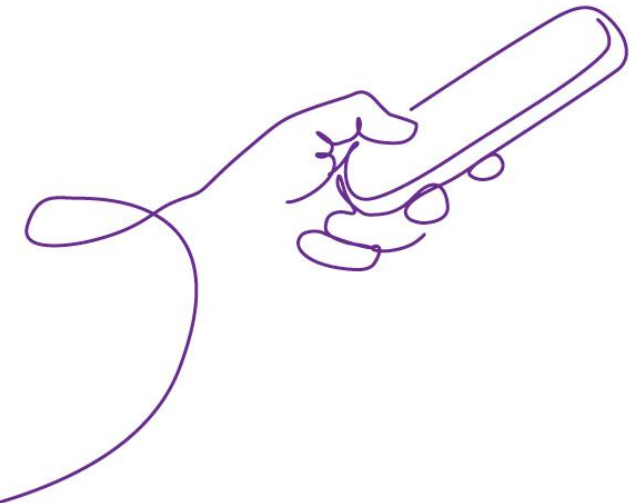


Q1 2018 quarterly highlights



- Challenges in consumer segment service revenue, while handset sales increased by 45.9 percent
- EBITDA in line with the previous year
- ✓ Reshaping of the product portfolio improves interconnect balance
- ✓ Digital transformation initiatives aimed at greater efficiency and effectiveness
- Good progress in enterprise segment, driven by strong demand for business solutions
- Recommendation of an annual dividend for 2017 at the 2016 level, amounting to KZT 11,678 million, or KZT 58.39 per ordinary share, representing 87 percent of the Company's net income for 2017

Q1 2018 summary



Net sales

KZT 36,386m
(35,632)

Increase of 2.1% year-on-year

Handset sales

KZT 4,137m
(2,836)

Increase of 45.9% year-on-year

Net income

KZT 3,752m
(3,951)

Decrease of 5.0% year-on-year

Service revenue

KZT 32,267m
(32,797)

Decrease of 1.6% year-on-year

EBITDA*

KZT 13,456m
(13,260)

Increase of 1.5% year-on-year

Subscribers

9,958 thousand
(9,979)

Decrease by 21,000 year-on-year

Data revenue

KZT 11,514m
(10,849)

Increase of 6.1% year-on-year

EBITDA* margin

37.0%
(37.2)

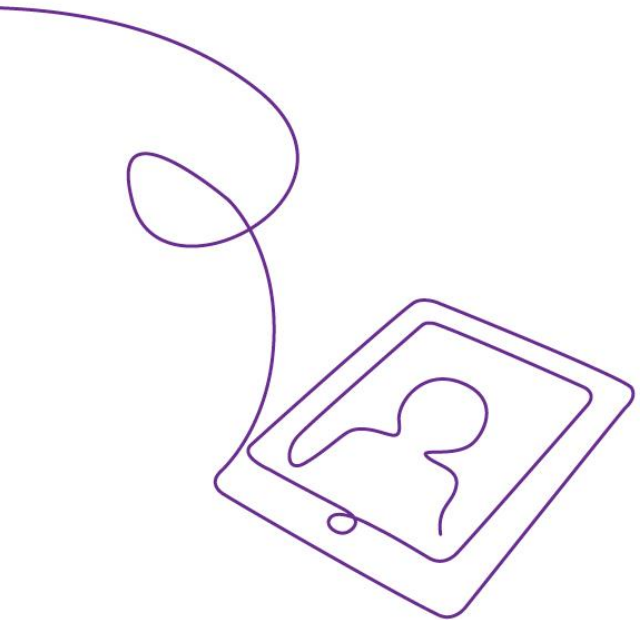
B2B revenue

KZT 3,744m
(2,886)

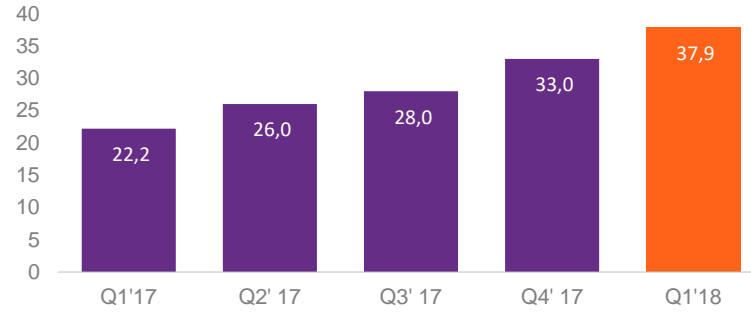
Increase of 29.8% year-on-year

*excluding non-recurring items

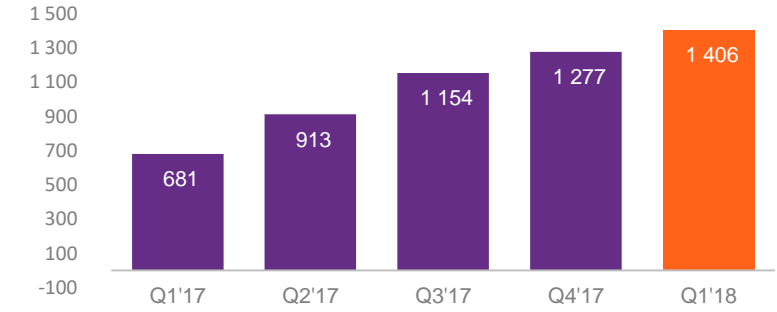
Commercial trends



4G device penetration %



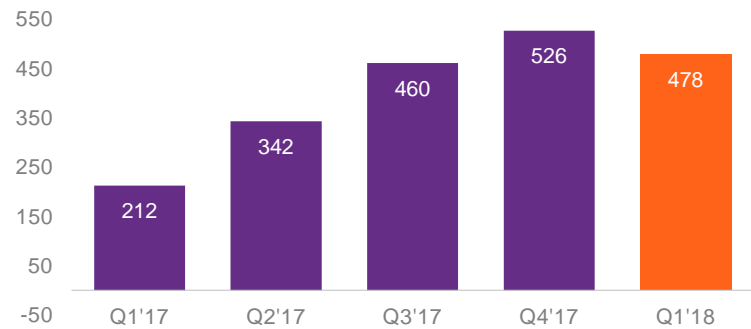
4G data users (million)



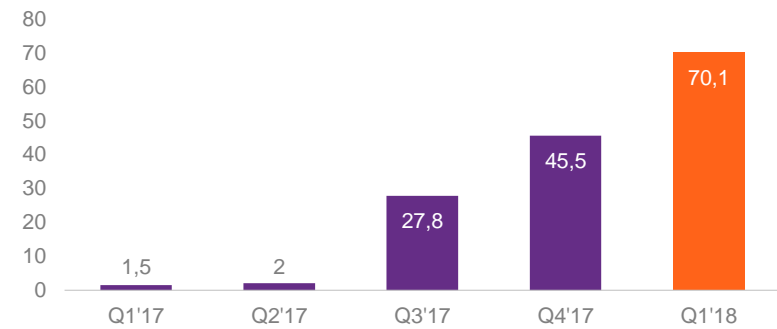
Bundled customers as share of total subs: Q1 2017 **33%** → Q1 2018 **40%**

Bundled subs' share of revenue: Q1 2017 **67%** → Q1 2018 **71%**

OTT users (000)

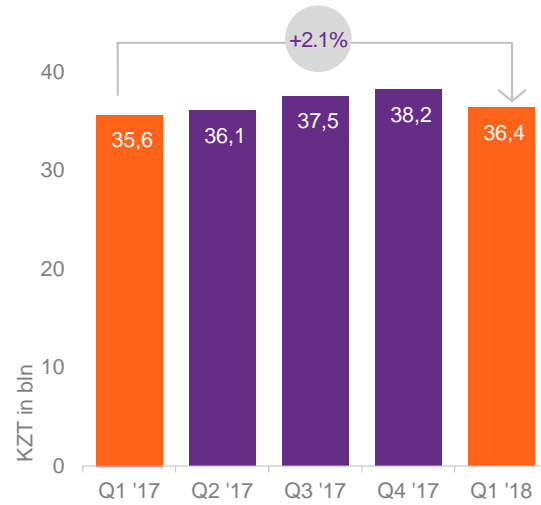


MFF users (000)

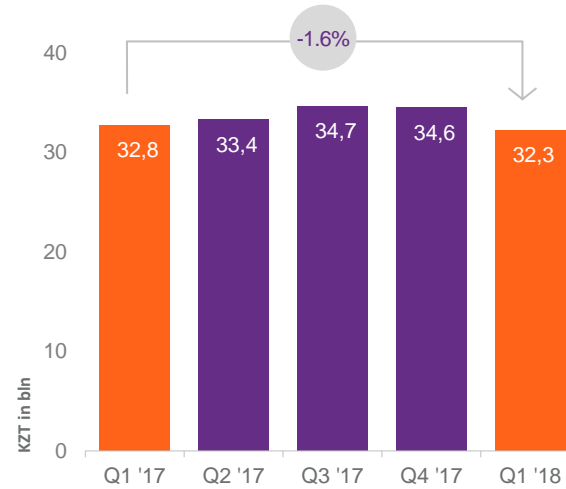


Revenue

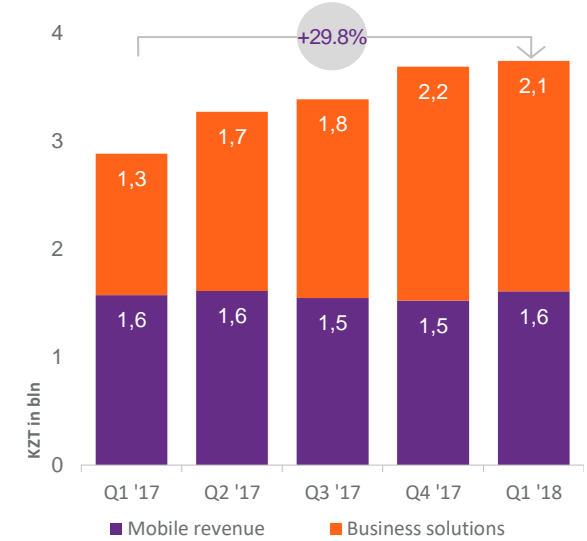
Net sales



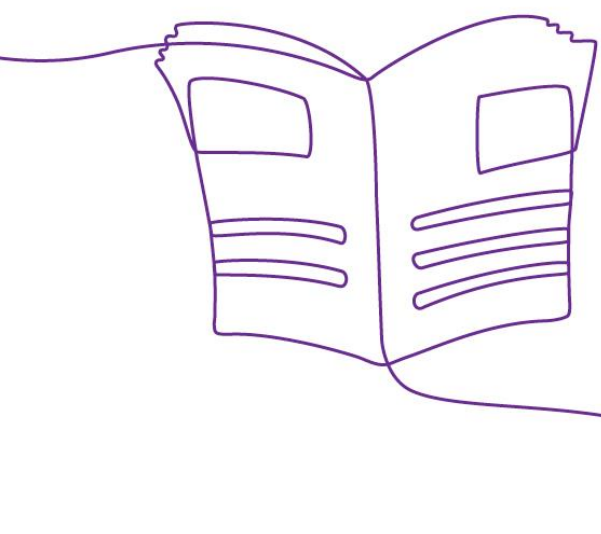
Service revenue



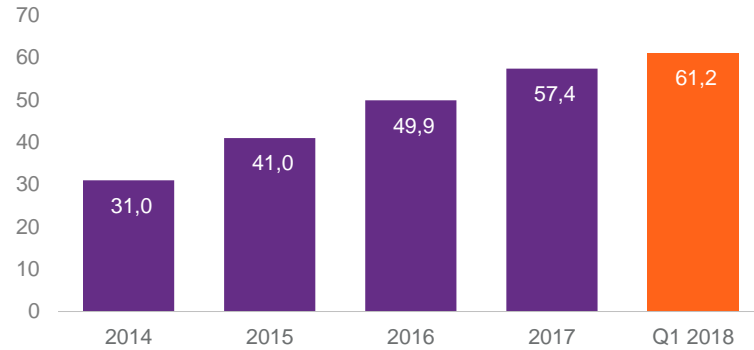
B2B revenue



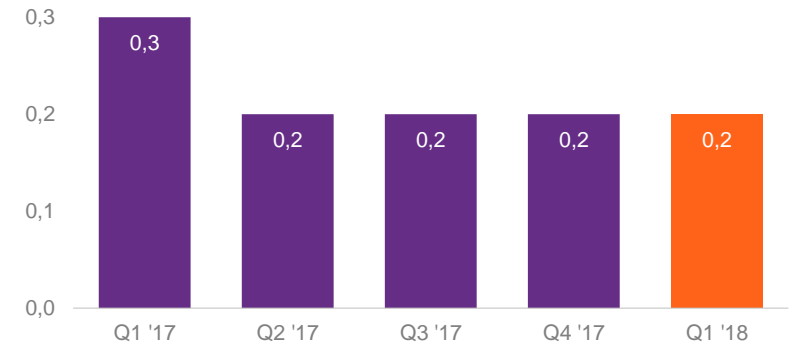
Data usage & revenues



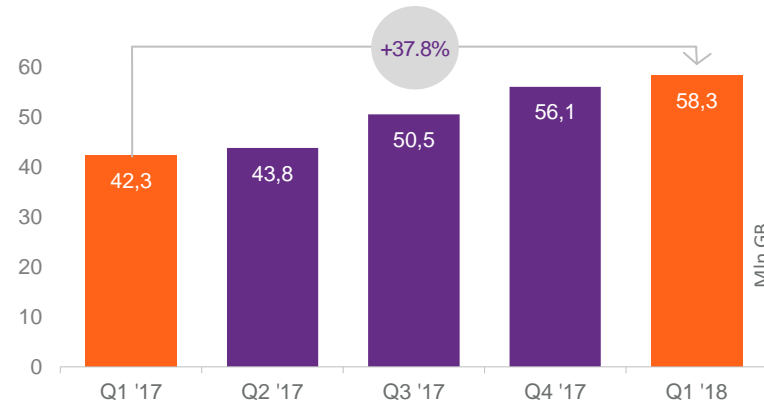
Smartphone penetration %



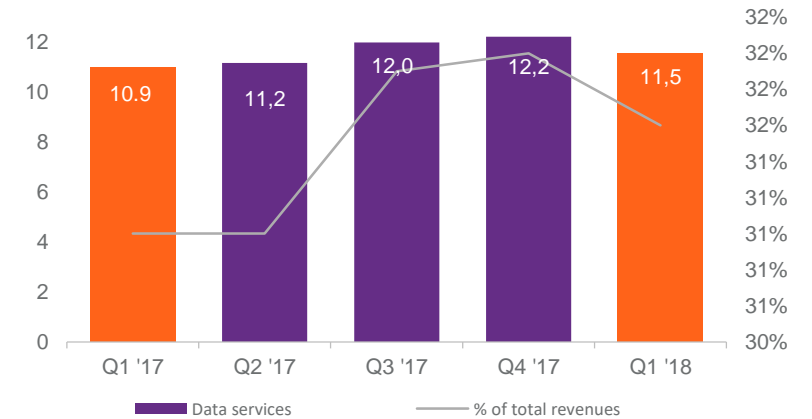
Average revenue per MB



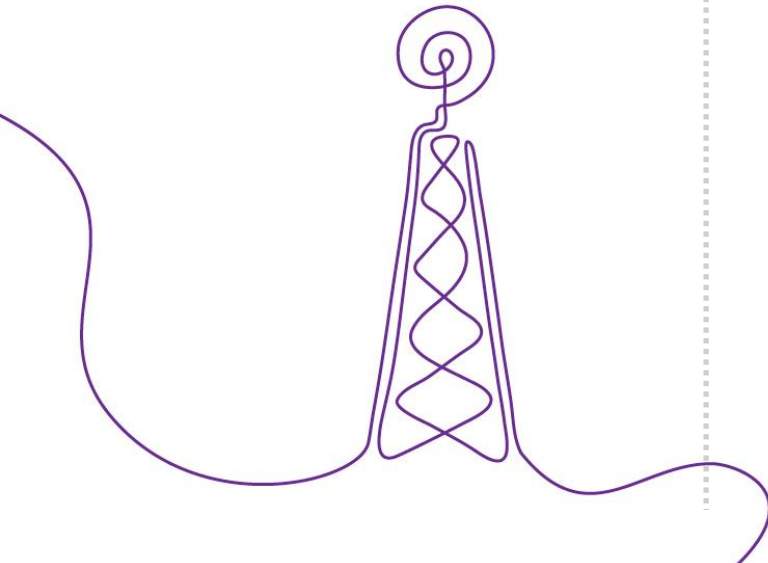
Data traffic



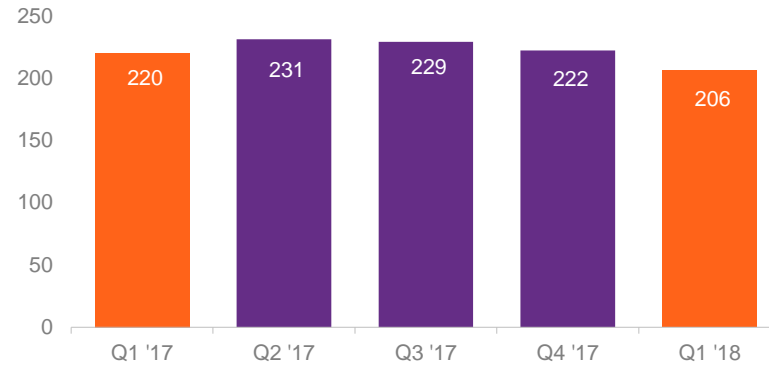
Data revenue



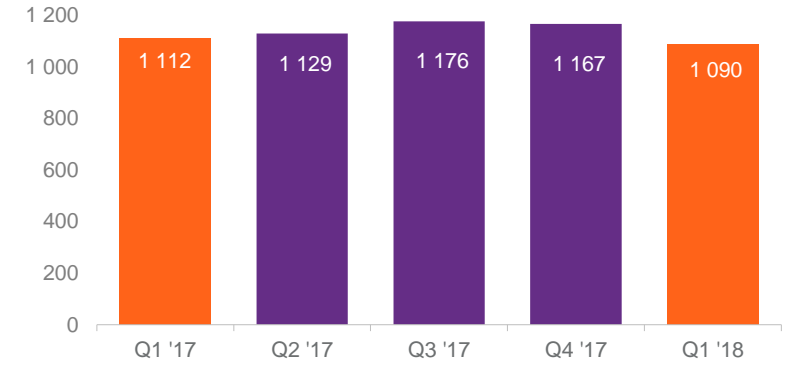
Operational data



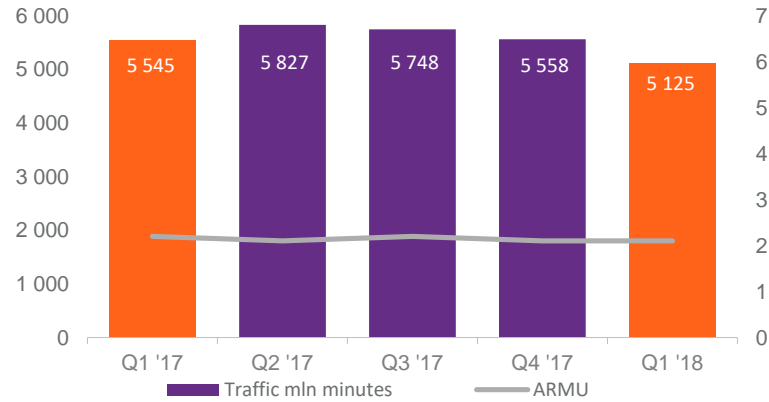
Minutes of usage (MOU)



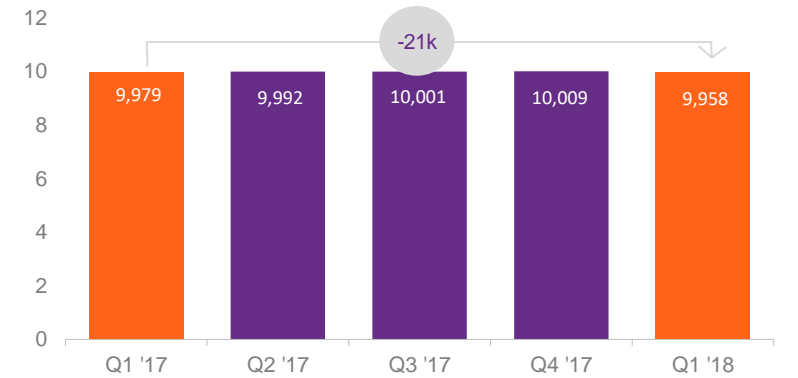
Blended ARPU (KZT)



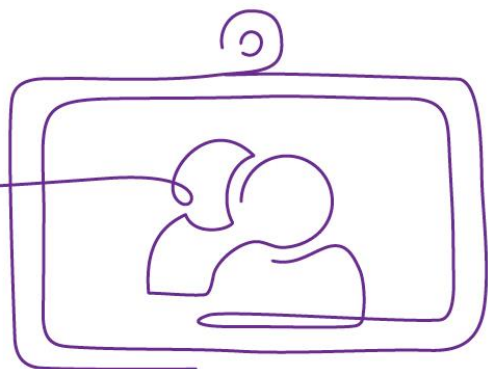
Voice traffic & ARMU (KZT)



Total subscribers ('000)

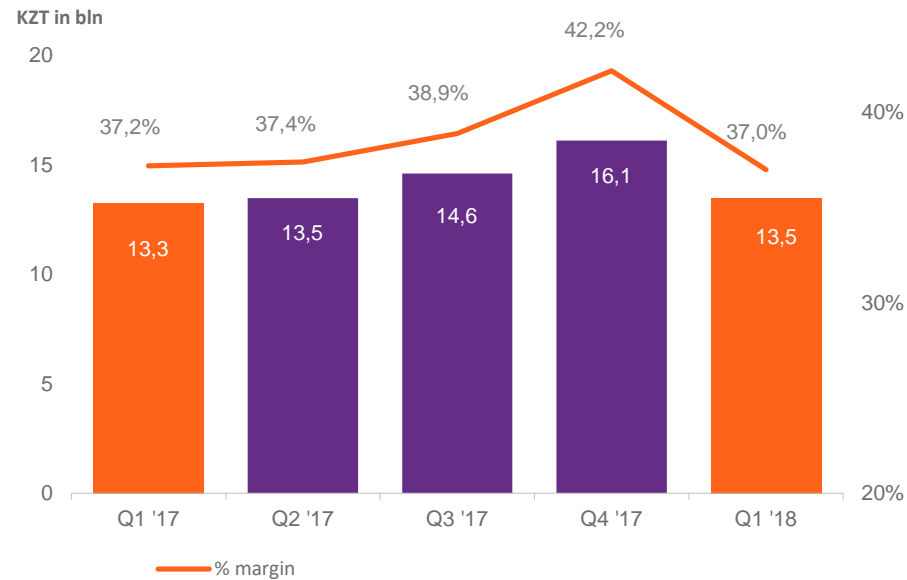


Financial highlights



KZT in millions, except per share data, number of shares and changes	Q1 2018	Q1 2017	Chg (%)	FY 2017
Net Sales	36,386	35,632	2.1	147,475
of which service revenue	32,267	32,797	-1.6	135,407
EBITDA excluding non-recurring items	13,456	13,260	1.5	57,647
EBITDA margin (%)	37.0	37.2		39.1
Operating income	7,246	7,630	-5.0	31,827
Operating income excluding non-recurring items	7,246	7,630	-5.0	34,500
Net income	3,752	3,951	-5.0	13,786
Earnings per share (KZT)	18.8	19.8	-5.0	68.9
CAPEX to sales (%)	7.6	16.6		14.7
Free cash flow	1,503	1,748	-14.0	10,899

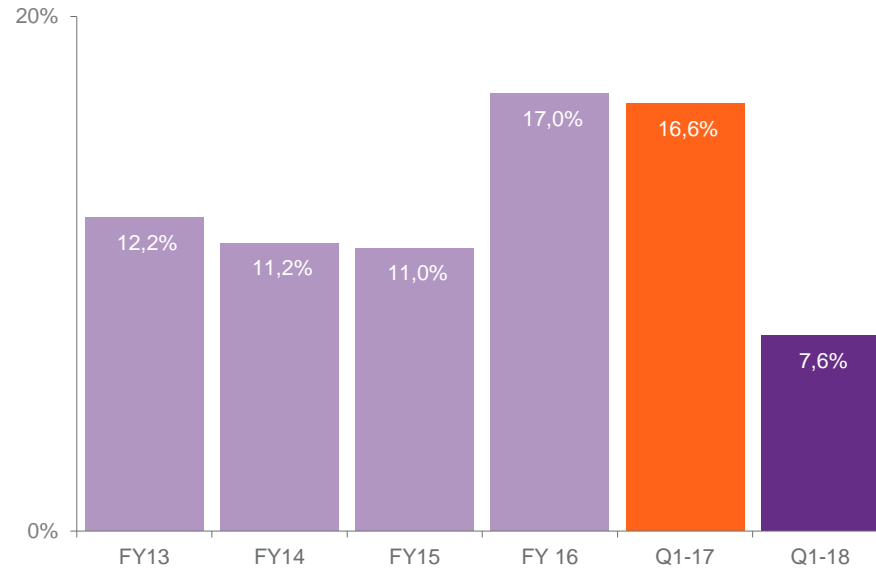
EBITDA* development



- Interconnect balance 700 MKZT higher due to active migration of “Hello KZ” subscribers to other tariffs and lower off-net allowances by other operators
- Devices net: positive impact from increased sales of devices
- Subcontracted works: optimization in maintenance and support expenses
- Energy for production: higher expenses as a result of 9% increase in number of sites and 10% in average price
- Other expenses: increase in other expenses mainly due to higher bad-debt provision due to updated estimate and effect of IFRS 15
- Network rent: higher due to increased number of sites

*excluding non-recurring items

CAPEX-TO-SALES



LTE traffic

40%

of total traffic data

LTE population coverage

49%

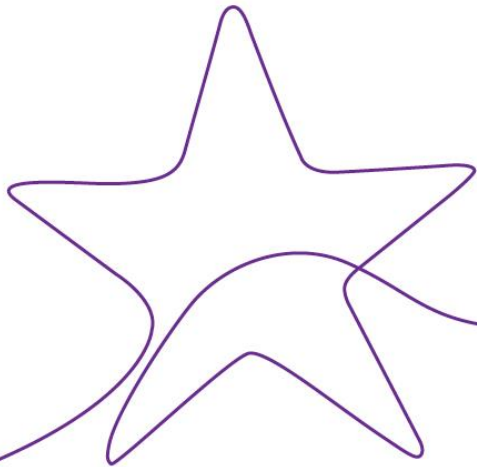
Total area coverage

47%

*2016 excludes KZT 26,000 million for LTE frequencies

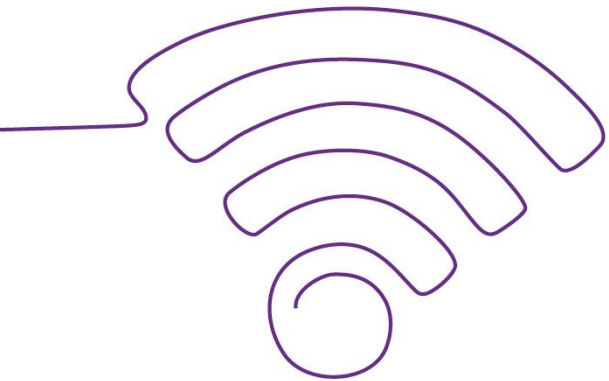
Tax audit

- In July 2017, the Kazakhstan tax authority completed its comprehensive tax audit for the period from 2012 and 2015. Following the audit, the tax authority made a total claim 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. The Company considers it unlikely that the full amount of the claim will become payable following the appeal process.
- Kcell submitted administrative appeals 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, the claim was dismissed. This ruling has not been enforced yet; the Company will appeal it to the court of higher instance (the Court of Appeal).



Dividends

- The Board of Directors approved a decision to convene the Annual General Meeting of shareholders (“AGM”) on 30 May 2018
- The Board of Directors has recommended the annual dividend at the 2016 level, amounting to KZT 11,678 million, or KZT 58.39 per ordinary share. This represents 87 percent of the Company’s net income for 2017
- The proposed record date of Shareholders entitled to receive the dividends is 31 May 2018
- The starting day of dividend payment is 1 August 2018

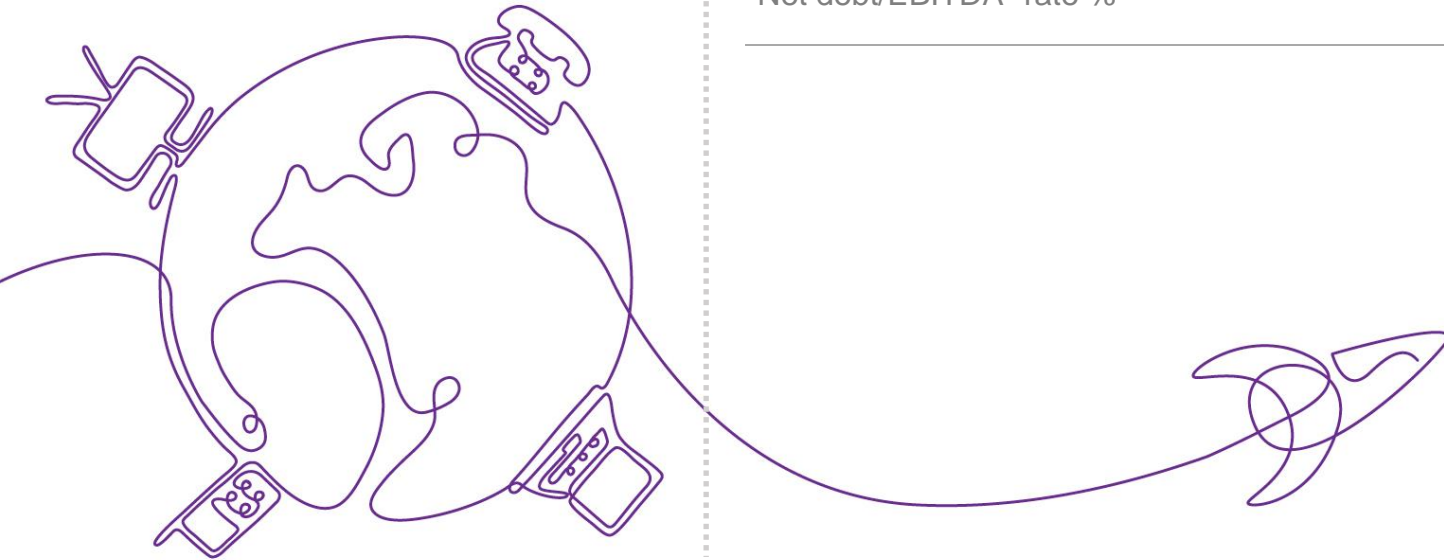


Q&A



Financial key ratios

	31 Mar 2018	31 Dec 2017
Return on equity* %	17.5	18.2
Return on capital employed* %	17.5	23.9
Equity/assets ratio %	43.9	41.8
Net debt/equity ratio %	71.6	76.4
Net debt/EBITDA* rate %	1.03	1.05



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.

