

A photograph of two young girls in school uniforms. They are both wearing white earbuds and looking at a smartphone held by the girl on the right. The girl on the left has her arm around the girl on the right. They are both smiling and appear to be enjoying the content on the phone. The background is slightly blurred, showing what might be a school hallway or outdoor area.

Q1 2015 Financial Results

Key Events in Q1 2015

01

On 17 April 2015, the AGM approved an annual dividend payment, representing 70 percent of the Company's net income for 2014, as well as a special dividend payment, representing 30 percent of the Company's net income for 2014.

02

Updated the market about progress in its internal investigation.

03

Opened the first mono branded Kcell Store in Almaty.

04

Mr. Trond Moe was appointed Finance Director, Mr. Douglas Lubbe appointed the seventh member of Kcell's Board of Directors.

First flagship Store in Almaty

A fundamentally new store format in Kazakhstan – a commercial space, which represents the synergy of the shop and club concept to deliver superior customer experience.

The aims of Kcell Store are to:

- Strengthen customer loyalty to make the brand more popular
- Grow the subscriber base
- Create a strong foundation for the Company's future development
- Create a unique brand touch-point for customers to interact with Kcell products and services

Plans to open new Kcell flagship stores in major cities of Kazakhstan

- AKTAU
- AKTOBE
- ALMATY
- ASTANA
- ATYRAU
- KARAGANDA
- SHYMKENT



First Quarter 2015 Summary

01 Revenue KZT 43,085m
(44,107)

✓ Decrease of 2.3% year-on-year

02 Data revenue 9,580m
(8,326)

✓ Increase 15.1% year-on-year

03 EBITDA* KZT 23,817m
(25,673)

✓ Decrease of 7.2% year-on-year

04 EBITDA* margin 55.3%
(58.2)

✓ Continuous focus on cost efficiency

05 Net income KZT
13,234m (15,635)

✓ Decrease of 15.4% year-on-year

06 Subscribers 10,829m
(11,192)**

✓ Decrease by 363,000 compared
to Q4 2014

*excluding non-recurring items

** prepaid subs – 3 months activity

Updated Strategy Focused on Data

01

Data

- ✓ Sales of handset bundles
- ✓ Content (music, video, FMS)
- ✓ Affordable Internet
- ✓ Data-centric pricing

02

Distribution model

- ✓ New retail strategy, unique customer experience

03

B2B growth

- ✓ Basic B2B offerings
- ✓ Fiber to B2B

04

Network quality

- ✓ Coverage
- ✓ Capacity
- ✓ Backbone - Fiber

05

Sustainability

Market Trends

01 Market continued to be saturated, reaching 170 percent penetration.

02 Fierce competition, with very aggressive offerings including off-net.

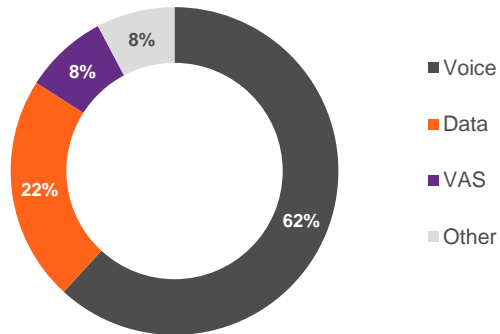
03 Altel is the only operator to having a LTE licence.

04 MTR decrease from KZT 11.1 to KZT 8.

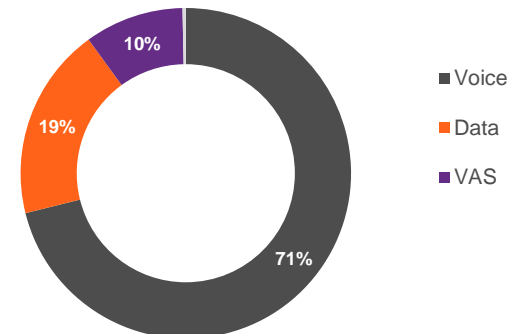
05 Introduction of MNP planned for summer 2015.

Revenue Split Q1 2015 vs. Q1 2014

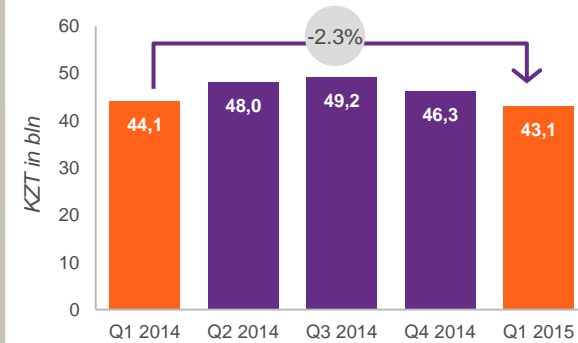
Revenue Breakdown Q1 2015



Revenue Breakdown Q1 2014

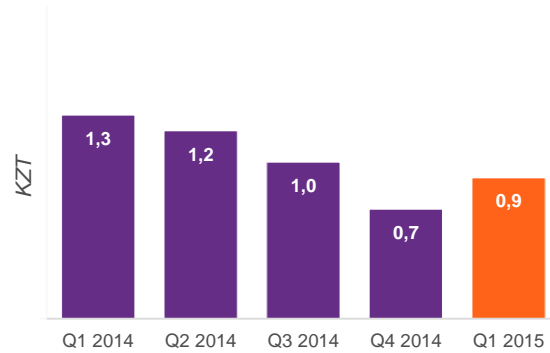


Total Revenue

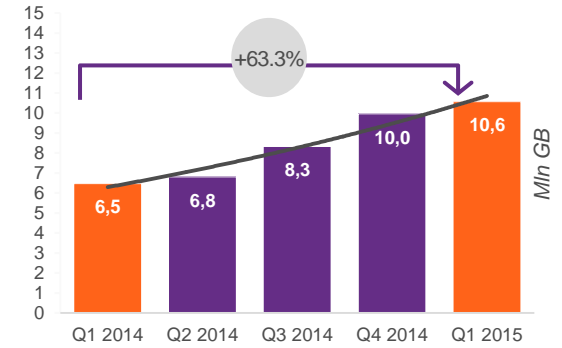


Data Usage and Revenues

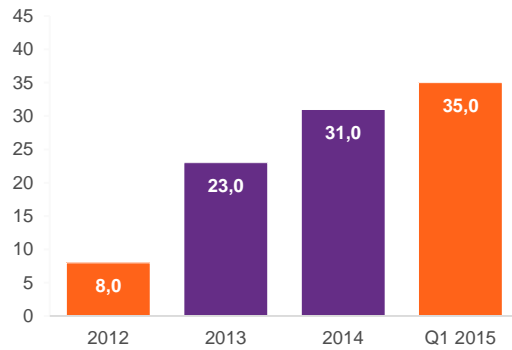
Average Revenue per MB



Data Traffic

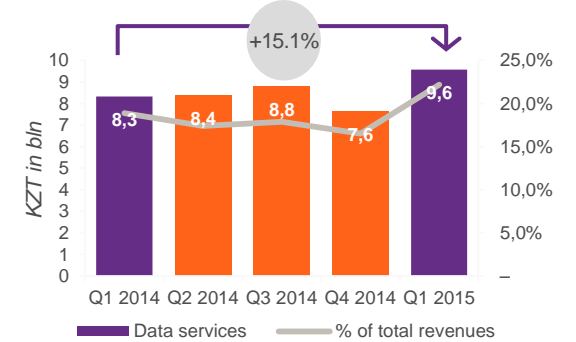


Smartphone penetration %*



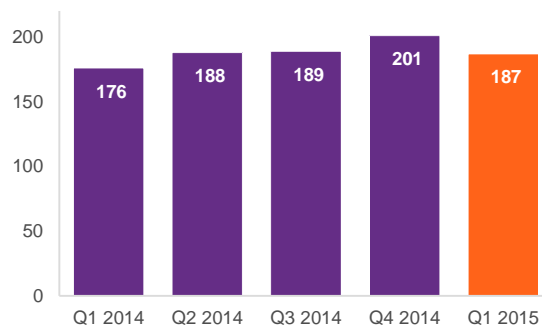
*Kcell network

Data Revenue

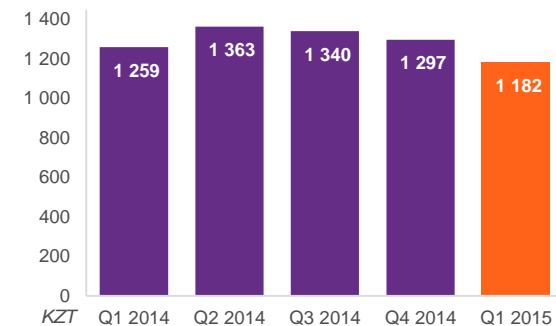


Voice Revenues

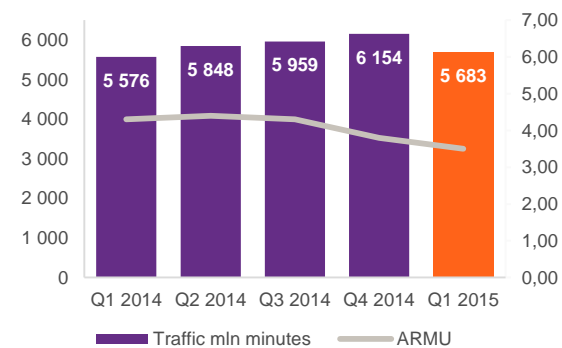
Minutes of Usage (MOU)



ARPU



Total Traffic & ARMU (KZT)



Financial Highlights

Q1 2015 vs. Q1 2014

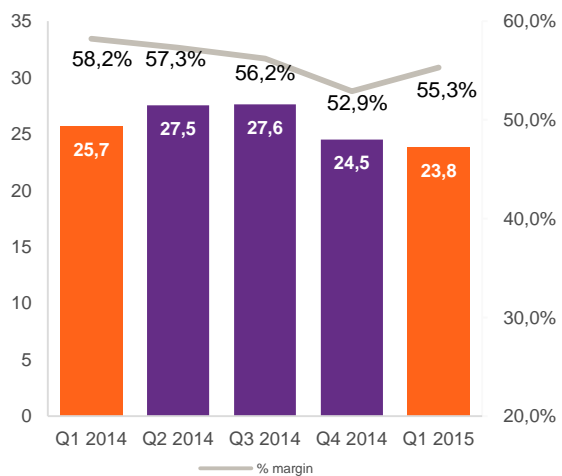
KZT in millions, except per share data, number of shares and changes	Q1 2015	Q1 2014	Chg (%)	FY 2014
Revenues	43,085	44,107	-2.3	187,581
EBITDA*	23,817	25,673	-7.2	105,321
EBITDA margin (%)	55.3	58.2		56.1
Operating income	17,374	19,855	-12.5	75,250
Operating income*	17,701	19,855	-10.8	80,132
Net income	13,234	15,635	-15.4	58,271
Earnings per share (KZT)	66.2	78.2	-15.4	291.4
CAPEX to sales (%)	4.9	5.4		11.2
Free cash flow	3,189	17,985		63,744

*excluding non-recurring items

EBITDA Performance

EBITDA* Development

KZT in bn



EBITDA* margin Q1 2015
of 55.3% vs. 58.2%
in Q1 2014

*excluding non-recurring items

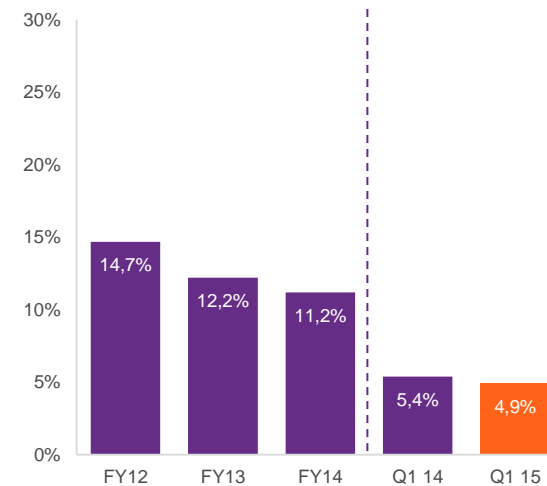
CAPEX-to-Sales Ratio

Q1 2015 CAPEX-to-sales ratio 4.9% vs. 5.4% in Q1 2014.

Focus on 3G roll out and network quality.

3G population coverage is around 70 percent.

CAPEX-to-Sales Ratio



Robust Capital Structure

KZT in millions	31 Mar 2015	31 Dec 2014
Cash and equivalents	22,972	19,520
Gross financial debt	24,727	25,020
Net debt/(cash)	1,755	5,500
LTM (Last Twelve Month) EBITDA	98,257	100,440
Implied net debt / EBITDA	0.02	0.05
Implied net debt / book value of equity	0.02	0.06
Dividends declared but unpaid	-	-
Adjusted net debt/(cash)	1,755	5,500
Implied Adj. net debt / LTM EBITDA	0.02	0.05
Implied Adj. Net Debt / Book value of equity	0.02	0.06

Target leverage ratio (net debt / EBITDA) of 0.5-0.9x

- Net debt / EBITDA of 0.02 (as of 31 Mar 2015)
- Net debt / Equity of 0.02 (as of 31 Mar 2015)

Dividends

On 17 April 2015, the AGM approved paying an “**Annual Dividend**” of **70 percent** of the Company’s net income for the full year of 2014.

Additionally, the AGM approved the payment of a “**Special Dividend**”, representing **30 percent** of the Company’s net income for 2014.

In total, the proposed Dividends amount to **KZT 58,260 million**, or **KZT 291.30** per share.

The record date for Shareholders entitled to receive the dividends is **20 April 2015**, (01:00 Almaty time).

Following the AGM’s approval the proposed Annual Dividend will be paid no later than **15 May 2015** and the proposed Special Dividend will be paid no later than **30 October 2015**.

Legal Proceedings

“Daytime Unlimited” service

On 5 September 2014, the Order of the Agency of the Republic of Kazakhstan for Competition Protection (ACP) came into force obliging Kcell:

- to stop collecting subscription fees under the “Daytime Unlimited” service when there are insufficient funds on the account (executed by the Company);
- to ensure interruption of connection when subscribers’ balance reaches zero;
- to ensure refund to subscribers for charges made in view of non-interruption of their connection when their balance reached zero

Compliance with the Order requires major technical changes to the billing system; Kcell, has therefore, filed requests to postpone the execution of this Order, but both the ACP and the court have denied the Company’s requests.

Kcell will, therefore, incur additional expenses. The exact amount is to be determined subject to clarification of the ACP order.

The Order was not immediately executed.

This led to administrative proceedings being brought against Kcell, which resulted in a KZT 3.1 million fine in the court of the 1st instance.

The decision has not come into force, as Kcell has challenged it in the upper court and recently the appellate court reversed the decision.

Q&A



Income Statement

KZT in millions, except per share data, number of shares and changes	Q1 2015	Q1 2014	Chg (%)	FY 2014
Revenues	43,085	44,107	-2.3	187,581
Cost of sales	-21,122	-18,468	14.4	-84,221
Gross profit	21,963	25,639	-14.3	103,360
Selling and marketing expenses	-2,143	-2,943	-27.2	-11,549
General and administrative expenses	-2,951	-2,402	22.9	-10,666
Other operating income and expenses, net	506	-439		-5,895
Operating income	17,374	19,855	-12.5	75,250
Finance costs and other financial items, net	-586	-280		-1,106
Income after financial items	16,788	19,575	-14.2	74,145
Income taxes	-3,554	-3,940	-9.8	-15,874
Net income	13,234	15,635	-15.4	58,271
Earnings per share (KZT), basic and diluted	66.2	78.2	-15.4	291.4

Balance Sheet

KZT in millions	31 Mar 2015	31 Dec 2014
Assets		
Intangible assets	12,108	12,494
Property, plant and equipment	102,900	108,405
Other non-current assets	2,583	695
Total non-current assets	117,591	121,594
Inventories	3,822	2,336
Trade and other receivables	18,276	14,543
Cash and cash equivalents	22,972	19,520
Total current assets	45,070	36,399
Total assets	162,661	157,993
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	71,508	58,274
Total equity attributable to owners of the parent company	105,308	92,074
Deferred tax liabilities	4,432	4,442
Other long-term liabilities	1,350	1,376
Total non-current liabilities	5,782	5,818
Short-term borrowings	24,727	25,020
Trade payables and other current liabilities	26,844	35,081
Total current liabilities	51,571	60,101
Total equity and liabilities	162,661	157,993

Statement of Cash Flows

KZT in millions	Q1 2015	Q1 2014	FY 2014
Cash flow before change in working capital	19,062	20,709	88,251
Change in working capital	-7,307	-176	-4,692
Cash flow from operating activities	11,755	20,533	83,559
Cash CAPEX	-8,566	-2,548	-19,815
Free Cash Flow	3,189	17,985	63,744
Cash flow before financing activities	3,189	17,985	63,744
Cash flow from financing activities	-	-950	-63,140
Cash flow for the period	3,189	17,035	604
Cash and cash equivalents, opening balance	19,520	18,916	18,916
Cash flow for the period	3,189	17,035	604
Exchange rate differences	263	3	-
Cash and cash equivalents, closing balance	22,972	35,954	19,520

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.