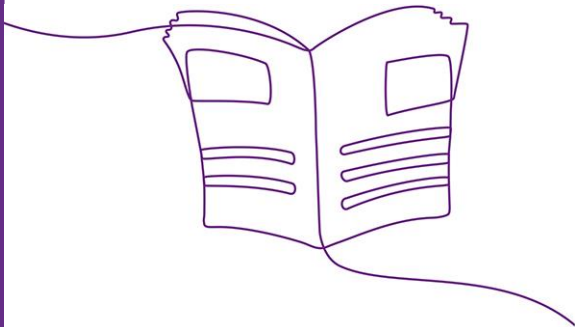


Q4 and FY 2016 Financial Results



Progress & challenges in Q4

- Top line Improvement in Q4 vs. Q3 2016, as a result of increased contract phone sales
- Market stabilisation – withdrawal of unlimited packages from the market
- Positive local interconnect balance in December
- Launch of LTE in 13 cities
- Post-paid subscribers migrated to new billing system
- Customer growth mainly based on under-monetised entry level plans
- KZT 3,962 million provision based on the preliminary assessment of potential tax audit results

Q4 2016 Summary

Net sales

KZT 38,223m
(39,604)
Decrease of 3.5%
year-on-year

Service revenue

KZT 34,779m
(37,841)
Decrease of 8.1%
year-on-year

Data revenue

10,858m
(9,774)
Increase of 11.1%
year-on-year

B2B revenue

3,140m
(2,980)
Increase of 5.4%
year-on-year

EBITDA* KZT

14,485m
(17,062)
Decrease of 15.1%
year-on-year

EBITDA margin

37.9% (43.1)

Net income

KZT 1,051m
(6,966)
Excluding extraordinary items
underline decrease is 26.6%

Subscribers

9,986m
(9,905)
Increase by 81,000 subscribers
during the quarter

*excluding non-recurring items

FY 2016 Summary

Net sales

KZT 147,037m
(168,424)
Decrease of 12.7%
year-on-year

Service revenue

KZT 137,337m
(157,288)
Decrease of 12.7%
year-on-year

Data revenue

41,339m
(39,278)
Increase of 5.2%
year-on-year

B2B revenue

11,894m
(9,988)
Increase of 19.1%
year-on-year

EBITDA* KZT

57,989m
(81,787)
Decrease of 29.1%
year-on-year

EBITDA margin

39.4% (48.6)

Net income

16,684m
(46,632)
Excluding extraordinary items
underline reduction is 49.3%

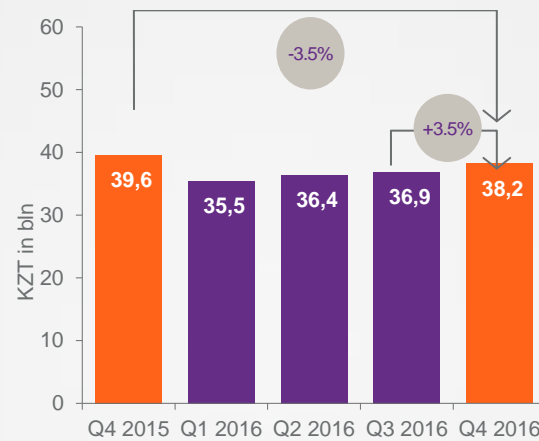
Subscribers

9,986m
(10,357)
Decrease by 371,000
subscribers year-on-year

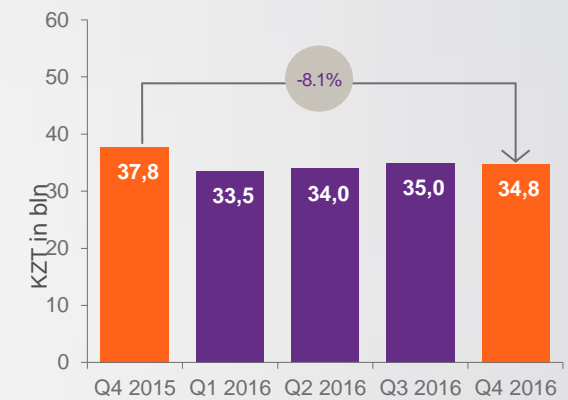
*excluding non-recurring items

Revenue trend

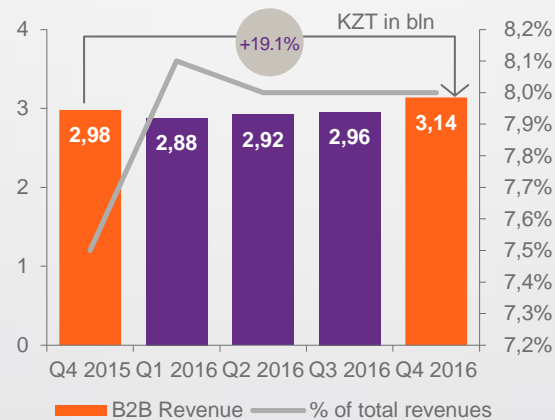
Net sales



Service revenue

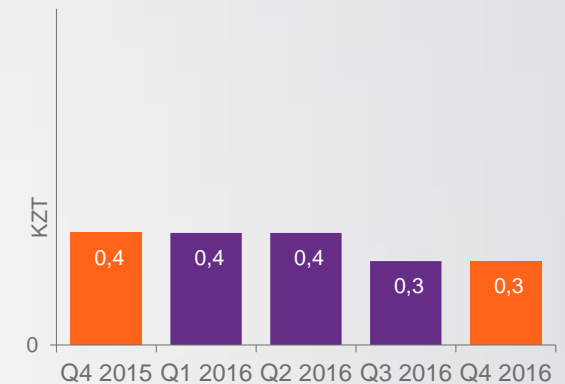
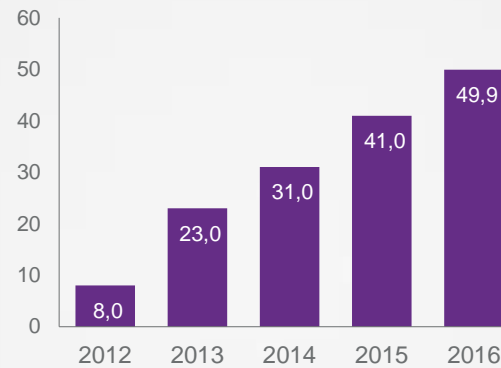


B2B revenue

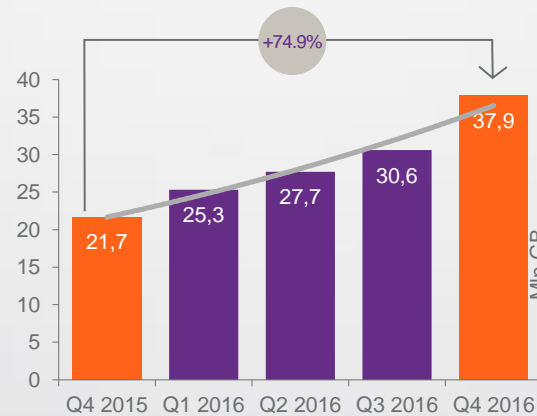


Data usage & revenues

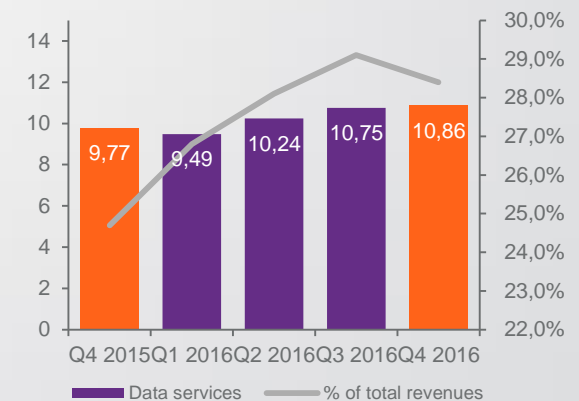
Smartphone penetration % (network) Average revenue per MB



Data traffic

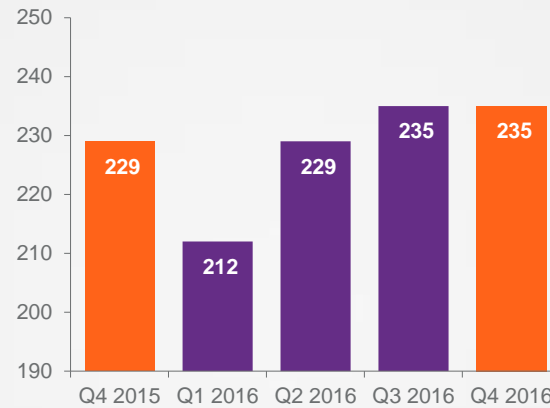


Data revenue

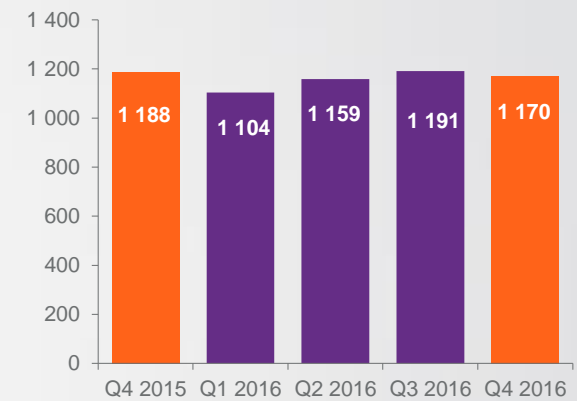


Operational data

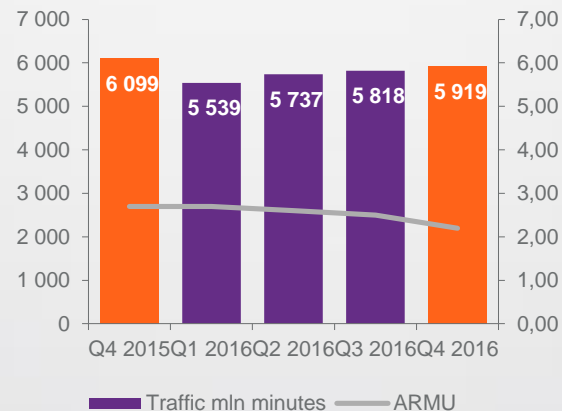
Minutes of usage (MOU)



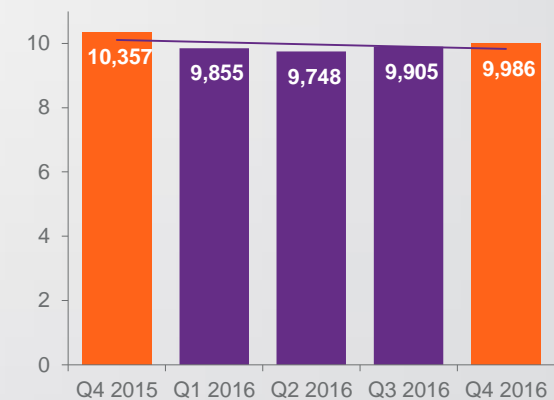
Blended ARPU



Total traffic & ARMU (KZT)



Total subscribers

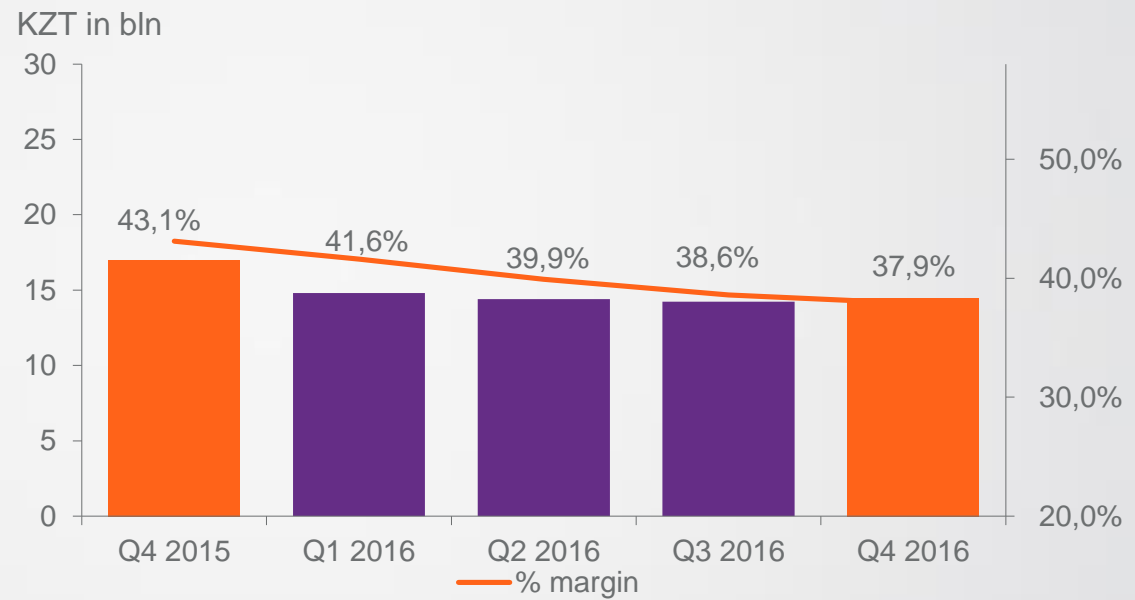


Financial highlights

KZT in millions, except per share data, number of shares and changes	Q4 2016	Q4 2015	Chg (%)	FY 2016	FY 2015	Chg (%)
Net Sales	38,223	39,604	-3.5	147,037	168,424	-12.7
of which service revenue	34,779	37,841	-8.1	137,337	157,288	-12.7
EBITDA*	14,485	17,062	-15.1	57,989	81,787	-29.1
EBITDA margin (%)	37.9	43.1		39.4	48.6	
Operating income	6,267	6,624	-5.4	31,041	52,601	-41.0
Operating income*	8,355	10,909	-23.4	33,740	57,213	-41.0
Net income	1,051	6,966	-84.9	16,684	46,632	-64.2
Earnings per share (KZT)	5.3	34.8	-84.9	83.4	233.2	-64.2
CAPEX to sales (%)	23.1	19.4		34.7	11.0	
Free cash flow	-12,301	5,821		-13,293	32,400	

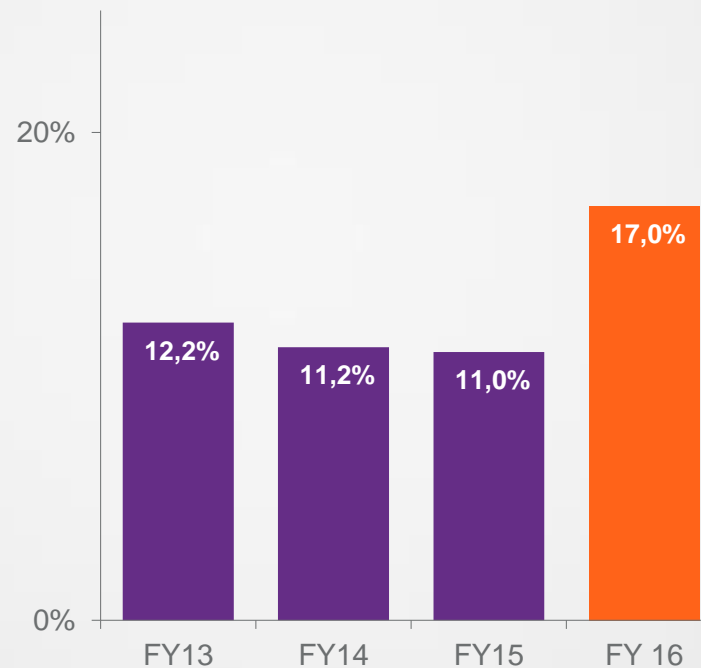
EBITDA performance

EBITDA performance



Network priorities

CAPEX-to-sales ratio*



LTE launch

- LTE launched in 13 cities
- LTE population coverage – 34%

2G&3G Network expansion

- Rollout of new base stations
- Population coverage
 - ✓ 2G - 96.13%
 - ✓ 3G - 73.10%
- Area coverage – 47.1%
- 3G capacity upgrade using 3rd & 4th carrier

Completion of post-paid migration to the new convergent billing system

Dividends

- Dividend amount for 2016, record date, and payment date to be proposed by the BoD and approved by the AGM.

Administrative and legal update

Update on “Daytime Unlimited”

As of 24 October 2016, Kcell has returned KZT 2,539 million to its customers. The transition (migration) to Amdocs convergent billing system has been started in July 2016. Migration of post-paid subscribers was completed in December 2016.

Tax audit

The Company is undergoing tax inspection that covers the period of 2011-2015. The tax audit has not been concluded yet and the Company therefore has not received any official claims. Based on the preliminary assessment, the Company has made a provision of KZT 3,962 million.

Q & A



Income statement

KZT in millions, except per share data, number of shares and changes	Q4 2016	Q4 2015	Chg (%)	FY 2016	FY 2015	Chg (%)
Revenues	38,223	39,604	-3.5	147,037	168,424	-12.7
Cost of sales	-24,476	-22,943	6.7	-91,866	-89,932	2.1
Gross profit	13,748	16,661	-17.5	55,171	78,492	-29.7
Selling and marketing expenses	-3,297	-2,050	60.8	-10,988	-9,221	19.2
General and administrative expenses	-4,794	-3,435	39.6	-14,150	-12,381	14.3
Other operating income and expenses, net	610	-4,552		1,008	-4,289	
Operating income	6,267	6,624	-5.4	31,041	52,601	-41.0
Finance costs and other financial items, net	-3,380	2,860		-8,285	7,811	
Income after financial items	2,887	9,484	-69.6	22,756	60,412	-62.3
Income taxes	- 1,836	-2,518	-27.1	-6,073	-13,780	-55.9
Net income	1,051	6,966	-84.9	16,684	46,632	-64.2
Earnings per share (KZT), basic and diluted	5.3	34.8	-84.9	83.4	233.2	-64.2

Balance sheet

KZT in millions	31 Dec 2016	31 Dec 2015
Assets		
Intangible assets	42,842	16,956
Property, plant and equipment	95,322	94,502
Other non-current assets	86	145
Financial aid	-	300
Long-term receivables	1,163	397
Total non-current assets	139,413	112,301
Inventories	3,587	2,802
Trade and other receivables	29,554	19,336
Cash and cash equivalents	8,477	31,589
Total current assets	41,617	53,726
Total assets	181,031	166,027
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	38,880	46,646
Total equity attributable to owners of the parent company	72,680	80,446
Long term borrowings	8,000	-
Deferred tax liabilities	6,012	5,037
Other long-term liabilities	1,285	1,286
Total non-current liabilities	15,298	6,323
Short-term borrowings	57,415	50,201
Trade payables and other current liabilities	35,638	29,057
Total current liabilities	93,053	79,258
Total equity and liabilities	181,031	166,027

Statement of cash flows

KZT in millions	Q4 2016	Q4 2015	FY 2016	FY 2015
Cash flow before change in working capital	9,281	13,330	45,299	65,572
Change in working capital	-5,467	-3,502	-14,751	-9,858
Cash flow from operating activities	3,814	9,828	30,547	55,714
Cash CAPEX	-16,115	-4,007	-43,840	-23,314
Free Cash Flow	-12,301	5,821	-13,293	32,400
Cash flow before financing activities	-12,301	5,821	-13,293	32,400
Cash flow from financing activities	-	-17,778	-10,501	-33,260
Cash flow for the period	-12,301	-11,957	-23,794	-860
Cash and cash equivalents, opening balance	20,747	38,958	31,589	19,520
Cash flow for the period	-12,301	-11,957	-23,794	-860
Exchange rate difference	31	4,588	682	12,929
Cash and cash equivalents, closing balance	8,477	31,589	8,477	31,589

Financial key ratios

	31 Dec 2016	31 Dec 2015
Return on equity* %	23.0	54.1
Return on capital employed* %	25.9	69.6
Equity/assets ratio %	40.1	48.5
Net debt/equity ratio (multiple)	78.3	23.1
Net debt/EBITDA* rate %	1.03	0.24

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.