

The background of the slide is a close-up photograph of a white ceramic cup filled with a light-colored liquid, likely tea. The cup is wrapped in a vibrant purple knitted sleeve. Two green knitted mittens are holding the cup from the bottom, with their fingers visible. Wisps of white steam are rising from the cup. The background is a soft-focus green, suggesting foliage.

Q4 and Year-end 2015 Financial Results

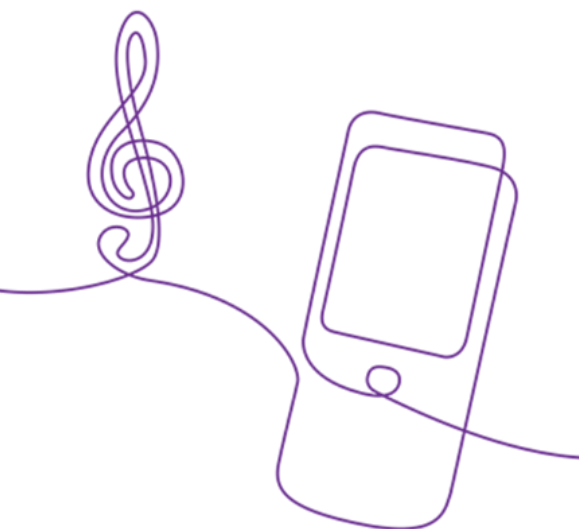
Progress and challenges in Q4

- Allocation of new frequencies within 800 and 1800 MHz band
- Introduction of caps for off-net minutes
- Delivered on cost saving initiatives
- Approaching interconnect balance
- Successful launch of internal MNP
- Launch of new products (Bookmate and ActivTV)
- Increase of B2B revenue share, business solutions strengthened by Microsoft “Silver” partnership status
- Revenues and earnings impacted by intensified competition and macroeconomic weakness
- Further currency devaluation and falls in oil prices
- Slow down in demand for mobile handsets
- Slow down in customer intake



Key strategic priorities

- LTE roll-out
- Retention of customers, increase bundled customer base
- Progressing our branded store concept to convert pre-paid to post-paid
- Improve data network quality in urban areas
- Launch new businesses close to core operations, OTT products (Music, TV and Movie streaming)
- Increase B2B solutions' share of revenue



Summary of Q4 2015

01

Net sales KZT 39,604m (46,273)

✓ Decrease of 14.4% relative to Q4 2014

02

Service revenue KZT 37,841m
(44,186)

✓ Decrease of 14.4% relative to Q4 2014

03

Data revenue 9,774m (7,625)

✓ Increase of 28.2% relative to Q4 2014

04

Equipment sales 1,771m (1,739)

✓ Increase of 1.8% relative to Q4 2014

05

EBITDA* KZT 17,062m (24,436)

✓ Decrease of 30.2% relative to Q4 2014

06

EBITDA* margin 43.1% (52.8)

✓ Decrease due to an increase in interconnect expenses
relative to Q4 2014

07

Net income KZT 6,966m (12,667)

✓ Decrease of 45.0% relative to Q4 2014

08

Subscribers 10,357m (10,780)

✓ Decrease by 423,000 relative to Q3 2015

*excluding non-recurring items

In December 2015, a KZT 3,965 million one-off adjustment was related to a write-down of obsolete fixed assets and inventories.

Summary of full year 2015

01

Net sales KZT 168,424m
(187,581)

✓ Decrease of 10.2% relative to FY 2014

02

Service revenue KZT 157,288m
(182,398)

✓ Decrease of 13.8% relative to FY 2014

03

Data revenue 39,278m (33,131)

✓ Increase 18.6% relative to FY 2014

04

Equipment sales 11,152m (5,186)

✓ Increase of 115.0% relative to FY 2014

05

EBITDA* KZT 81,787m (105,268)

✓ Decrease of 22.3% relative to FY 2014

06

EBITDA* margin 48.6% (56.1)

✓ Decrease due to an increase in interconnect expenses
relative to Q4 2014

07

Net income KZT 46,632m
(58,271)

✓ Decrease of 20.0% relative to FY 2014

08

Subscribers 10,357m (11,192)

✓ Decrease by 835,000 relative to Q4 2014

*excluding non-recurring items

Market trends

01

B2B revenue share increased to 7.5% in Q4 2015 from 5.8% in Q3 2015

02

Introduction of caps for off-net minutes resulted in stabilization of interconnect expenses

03

Kcell adjusted tariffs, but the market has not yet followed

04

MTR reduced to KZT 5.0 from KZT 8.0 starting from 1 January 2016

05

MNP launched in January 2016, internal MNP launched in Q4 2015



The greatest launch of 2015



All-net voice bundles 'Hello, Kazakhstan!'

Kazakhstan's first **all-net** minutes bundles were launched by **Activ** in June 2015. No competing product has yet appeared on the market.

TODAY

- 1.5m active users
- 81% of bundled users and 21% of all Activ subscribers, and showing continued growth
- 40% of total Activ revenue
- ARPU~KZT 2,050
- MOU 500+
- DATA usage 4GB+ (90% data users)
- S-size for KZT 1,790/month seeing highest demand

Tariff Plan	KZT Monthly Fee	Voice on-net	Voice off-net	DATA, GB (day)	DATA, GB (night)
HK Start	<div><div></div></div> 1290	<div><div></div></div> 990	<div><div></div></div> 1	<div><div></div></div> 2	
HK XS	<div><div></div></div> 1490	<div><div></div></div> 1190	<div><div></div></div> 2	<div><div></div></div> 4	
HK S	<div><div></div></div> 1790	<div><div></div></div> 1290	<div><div></div></div> 5	<div><div></div></div> 10	
HK M	<div><div></div></div> 1990	<div><div></div></div> 1490	<div><div></div></div> 10	<div><div></div></div> 20	
HK L	<div><div></div></div> 2490	<div><div></div></div> 1990	<div><div></div></div> 15	<div><div></div></div> 30	



Безусловно, активный участник рынка МТК № ДС0000070 от 08.08.1990, расположенный в городе МТК РК.

Conversion from pre-paid to post-paid supported by new retail concept

Kcell has opened 8 branded stores in the 6 biggest cities of Kazakhstan

Kcell store new concept focus

Contract phone sales "wide range"

Kcell full post-paid customer service

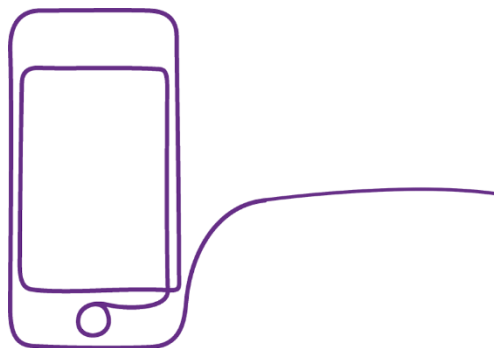
High accessibility in every city "save your time"

Kcell store KPIs

Profitability >10%

NPS >70%

Pay-back period < 1 year



Development of new adjacent products

Strategy

Explore opportunities close to the core



Investments in areas that complement and/or strengthen the core business

Pilot Launch

Activ Music



Planned
Feb 2016

Launched Dec 2015

Activ TV



Planned
Feb 2016

Mobile Marketing
/Active Browser



Strategic Priorities

Entertainment

Music
Streaming



OTT TV



Mobile
marketing



Financial
Services



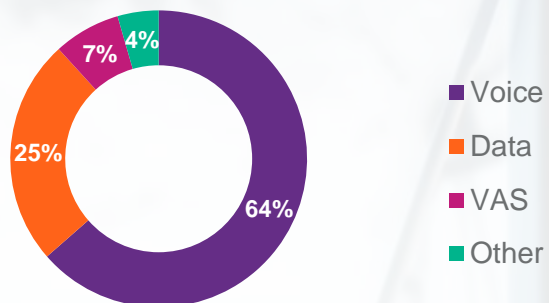
Launched Jan 2016

Bookmate

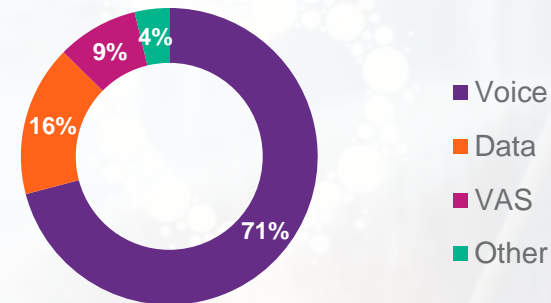


Revenue split

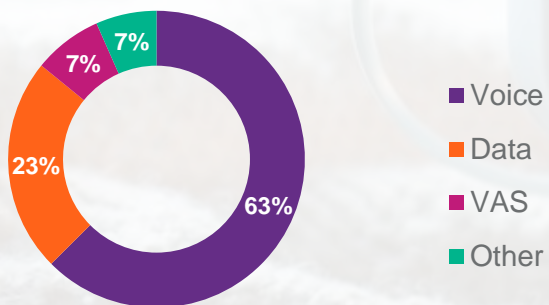
Revenue breakdown Q4 2015



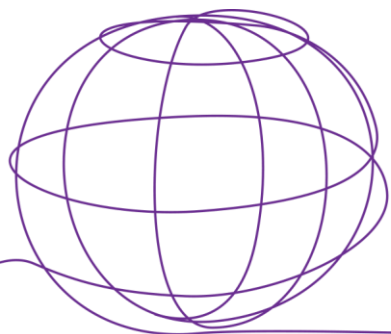
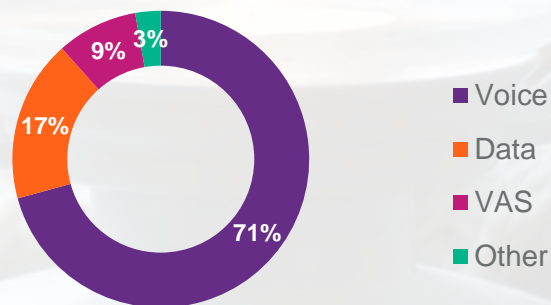
Revenue breakdown Q4 2014



Revenue breakdown FY 2015

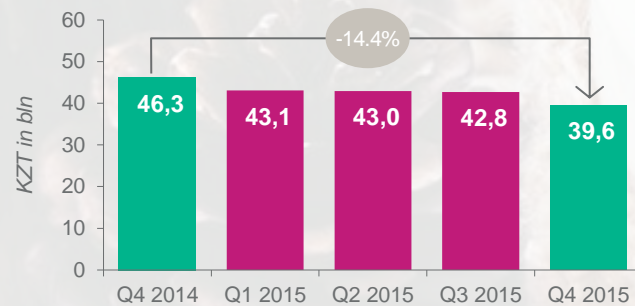


Revenue breakdown FY 2014

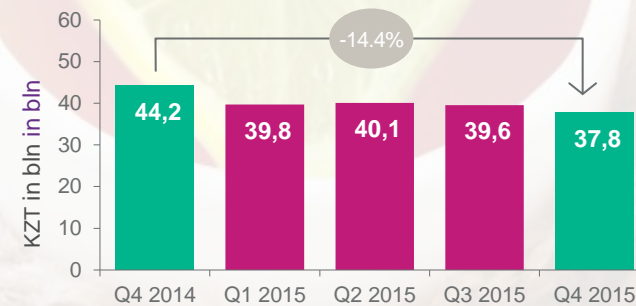


Revenue trend

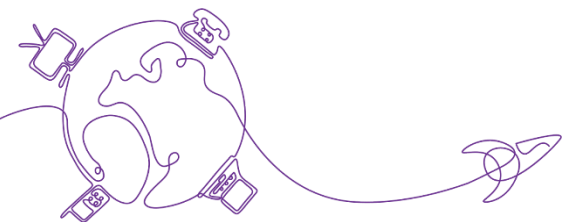
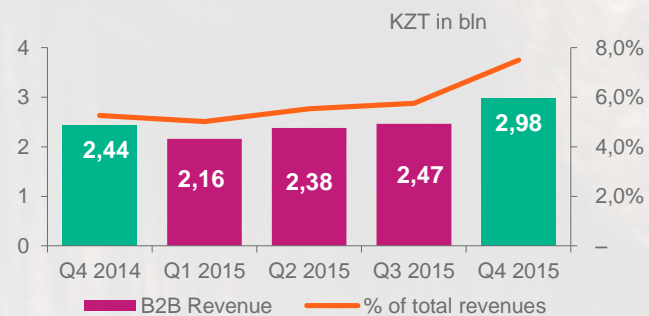
Net sales



Service revenue

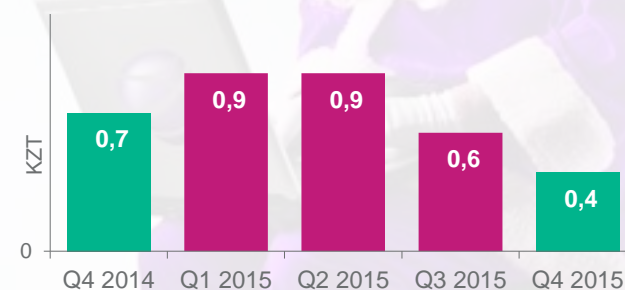
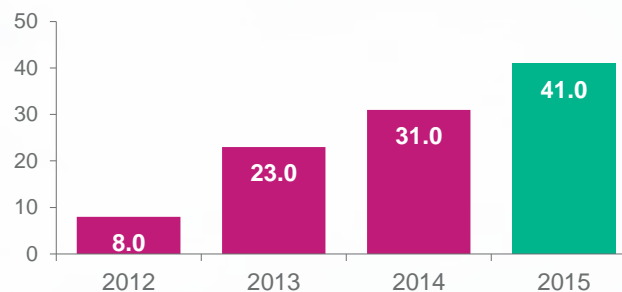


B2B revenue

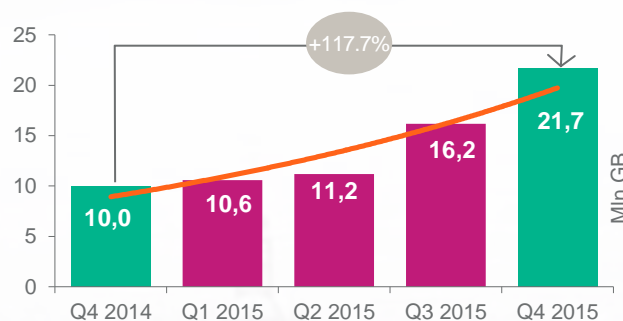


Data usage and revenues

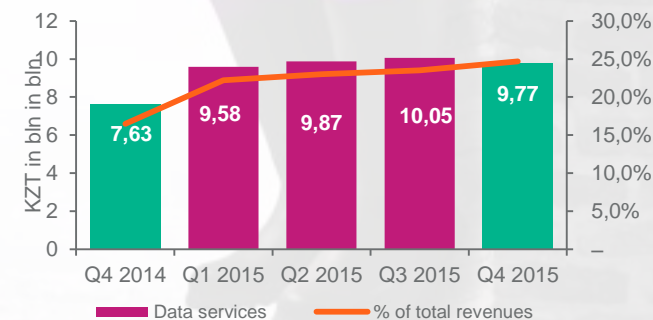
Smartphone penetration % (network) Average revenue per MB



Data traffic

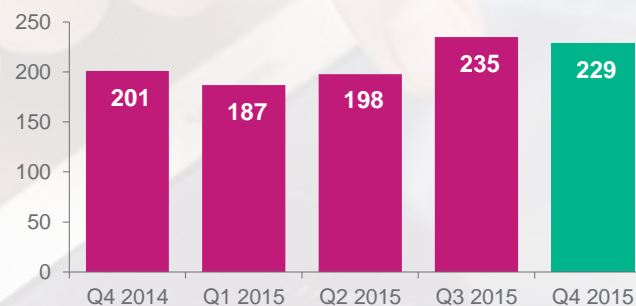


Data revenue

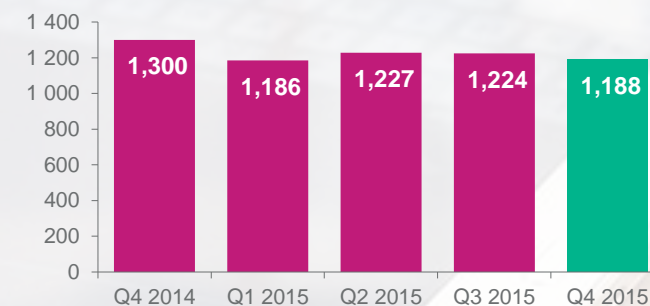


Operational data

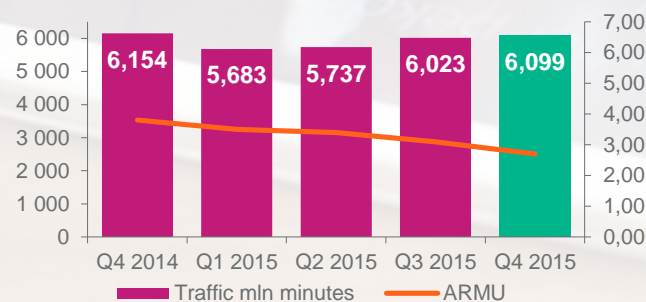
Minutes of usage (MOU)



Blended ARPU



Total traffic & ARMU (KZT)



Financial highlights

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

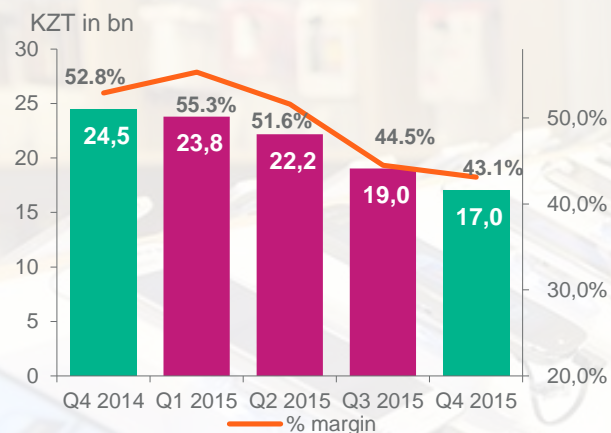
	Q4 2015	Q4 2014	Chg (%)	FY 2015	FY 2014	Chg (%)
Net Sales	39,604	46,273	-14.4	168,424	187,581	-10.2
of which service revenue	37,841	44,186	-14.4	157,288	182,398	-13.8
EBITDA*	17,062	24,436	-30.2	81,787	105,268	-22.3
EBITDA margin (%)	43.1	52.8		48.6	56.1	
Operating income	6,624	16,397	-59.6	52,601	75,197	-30.0
Operating income*	10,909	17,434	-37.4	57,213	80,079	-28.6
Net income	6,966	12,667	-45.0	46,632	58,271	-20.0
Earnings per share (KZT)	34.8	63.3	-45.0	233.2	291.4	-20.0
CAPEX to sales (%)	19.4	26.1		11.0	11.2	
Free cash flow	5,821	11,656	-50.1	32,400	63,744	-49.2

*excluding non-recurring items



EBITDA performance

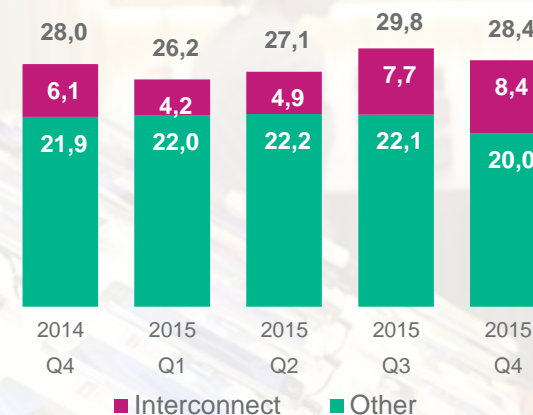
EBITDA* development



- EBITDA* margin Q4 2015 of 43.1% vs. 52.8% in Q4 2014
- EBITDA* margin FY 2015 of 48.6% vs. 56.1% in FY 2014

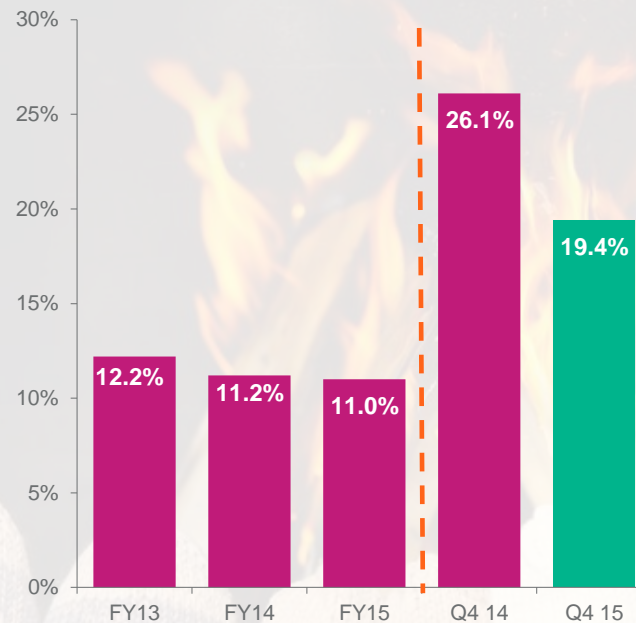
*excluding non-recurring items

Interconnect and other expenses



CAPEX-to-sales ratio

CAPEX-to-sales ratio



- Focus on network optimisation and quality
- Expanding 3G population coverage
- Migration to convergent billing system

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.
- Since Kcell brand subscribers are being refunded for services rendered, the Company's tax liabilities will be reduced.
- As of December 2015, Kcell has returned KZT 2,171 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.



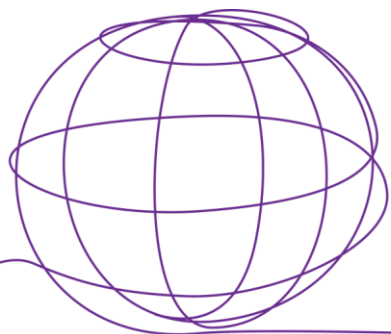
Q&A



Income statement

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

	Q4 2015	Q4 2014	Chg (%)	FY 2015	FY 2014	Chg (%)
Revenues	39,604	46,273	-14.4	168,424	187,581	-10.2
Cost of sales	-22,943	-22,611	1.5	-89,932	-84,221	6.8
Gross profit	16,661	23,662	-29.6	78,492	103,360	-24.1
Selling and marketing expenses	-2,050	-2,575	-20.4	-9,221	-11,549	-20.2
General and administrative expenses	-3,435	-2,815	22.0	-12,381	-10,666	16.1
Other operating income and expenses, net	-4,552	-1,875		-4,289	-5,948	
Operating income	6,624	16,397	-59.6	52,601	75,197	-30.0
Finance costs and other financial items, net	2,860	-307		7,811	-1,052	
Income after financial items	9,484	16,090	-41.1	60,412	74,145	-18.5
Income taxes	-2,518	-3,423	-26.4	-13,780	-15,874	-13.2
Net income	6,966	12,667	-45.0	46,632	58,271	-20.0
Earnings per share (KZT), basic and diluted	34.8	63.3	-45.0	233.2	291.4	-20.0



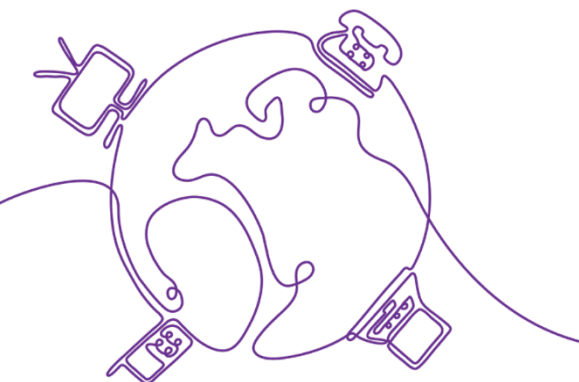
Balance sheet

KZT in millions	31 Dec 2015	31 Dec 2014
Assets		
Intangible assets	16,956	12,494
Property, plant and equipment	94,502	108,955
Other non-current assets	145	145
Financial aid	300	-
Long-term receivables	397	-
Total non-current assets	112,301	121,594
Inventories	2,802	2,336
Trade and other receivables	19,336	14,543
Cash and cash equivalents	31,589	19,520
Total current assets	53,726	36,399
Total assets	166,027	157,993
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	46,646	58,274
Total equity attributable to owners of the parent company	80,446	92,074
Deferred tax liabilities	5,037	4,442
Other long-term liabilities	1,286	1,376
Total non-current liabilities	6,323	5,818
Short-term borrowings	50,201	25,020
Trade payables and other current liabilities	29,057	35,081
Total current liabilities	79,258	60,101
Total equity and liabilities	166,027	157,993

Statement of cash flows

KZT in millions

	Q4 2015	Q4 2014	FY 2015	FY 2014
Cash flow before change in working capital	13,330	20,196	65,572	88,768
Change in working capital	-3,502	-2,255	-9,858	-5,209
Cash flow from operating activities	9,828	17,941	55,714	83,559
Cash CAPEX	-4,007	-6,285	-23,314	-19,815
Free Cash Flow	5,821	11,656	32,400	63,744
Cash flow before financing activities	5,821	11,656	32,400	63,744
Cash flow from financing activities	-17,778	-11,028	-33,260	-63,140
Cash flow for the period	-11,957	628	-860	604
Cash and cash equivalents, opening balance	38,958	18,892	19,520	18,916
Cash flow for the period	-11,957	628	-860	604
Exchange rate difference	4,588	-	12,929	-
Cash and cash equivalents, closing balance	31,589	19,520	31,589	19,520



Financial key ratios

	31 Dec 2015	31 Dec 2014
Return on equity* %	54.1	63.3
Return on capital employed* %	69.6	75.7
Equity/assets ratio %	48.5	58.3
Net debt/equity ratio (multiple)	23.1	6.0
Net debt/EBITDA** rate %	0.24	0.05

*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.

