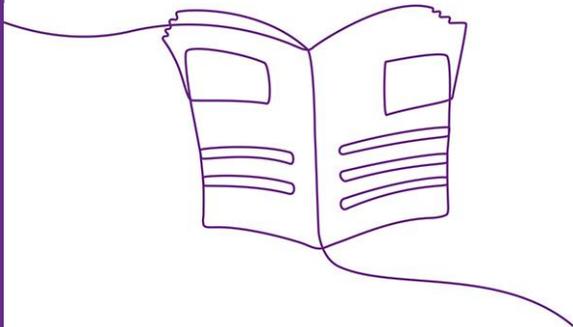


# Q4 and FY 2016 Financial Results



# 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%

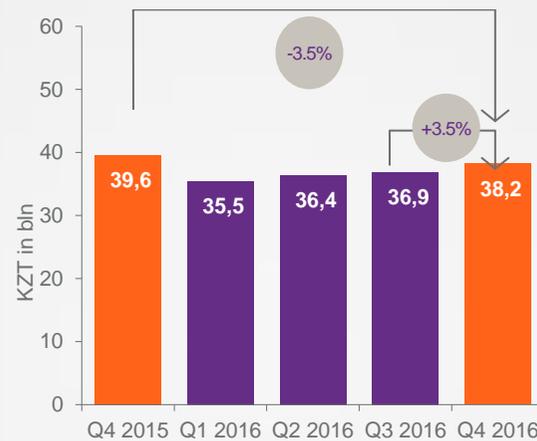
## Subscribers

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

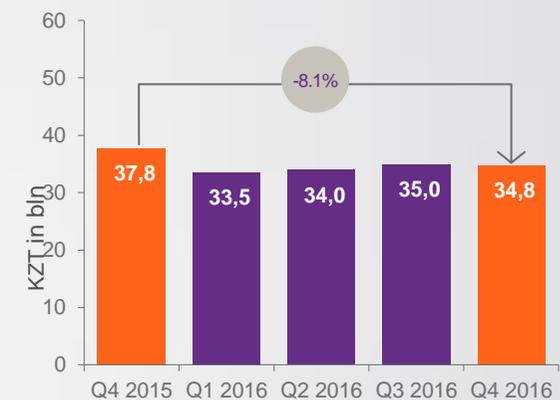
\*excluding non-recurring items

# Revenue trend

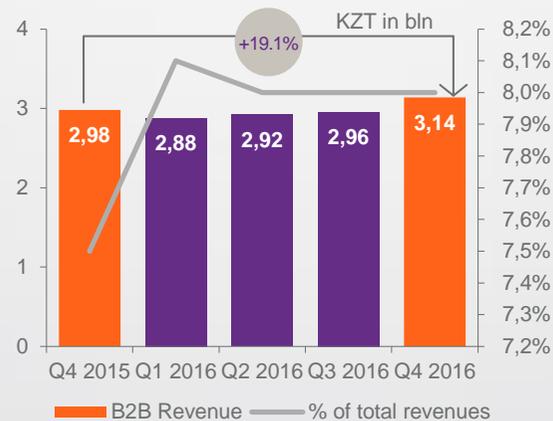
## Net sales



## Service revenue

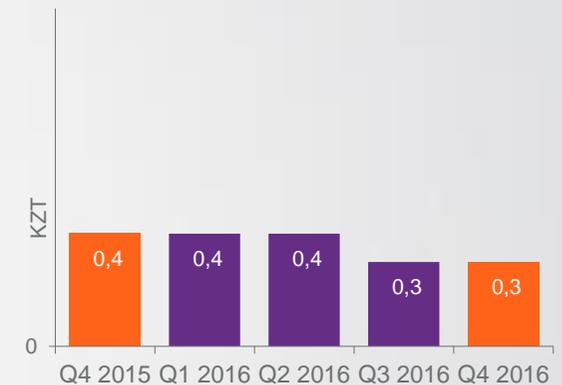
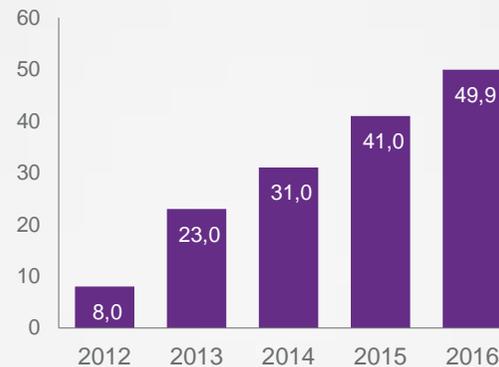


## B2B revenue

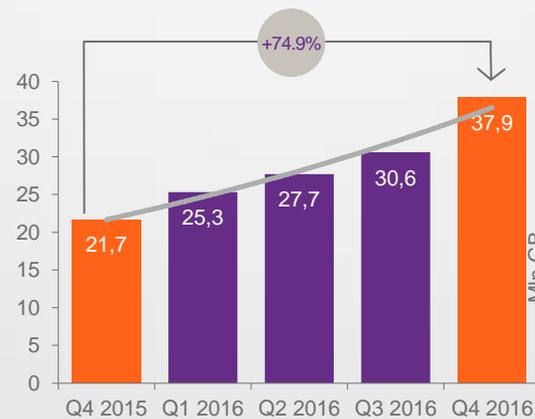


# Data usage & revenues

## Smartphone penetration % (network) Average revenue per MB



## Data traffic

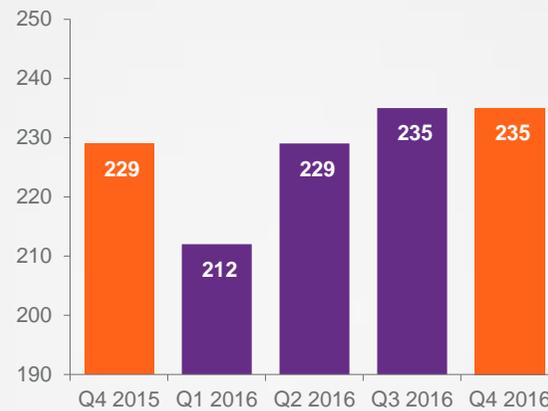


## Data revenue

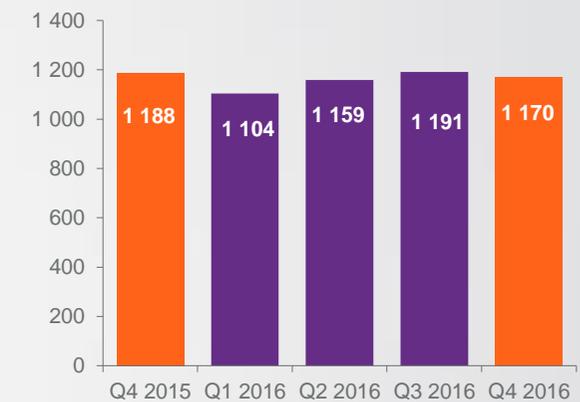


# Operational data

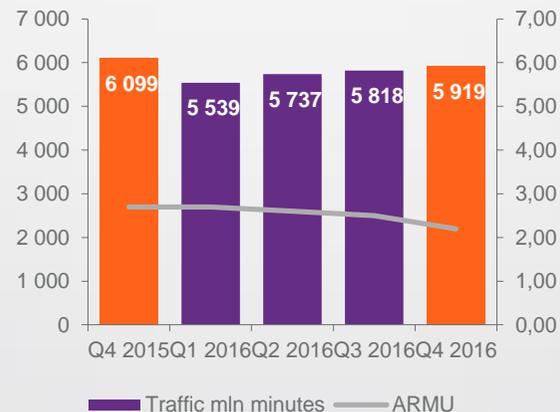
## Minutes of usage (MOU)



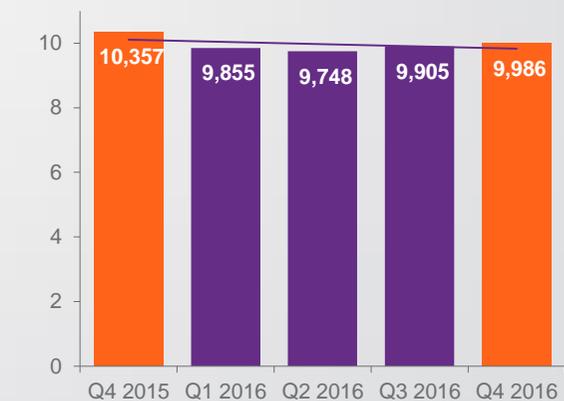
## Blended ARPU



## Total traffic & ARMU (KZT)



## Total subscribers



# Financial highlights

<b>KZT in millions, except per share data, number of shares and changes</b>	<b>Q4 2016</b>	<b>Q4 2015</b>	<b>Chg (%)</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>Chg (%)</b>
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	

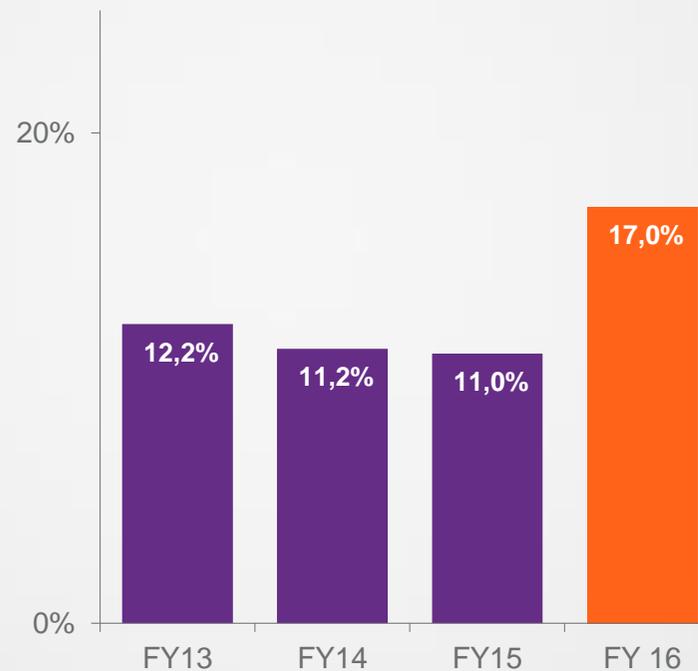
# EBITDA performance

## 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

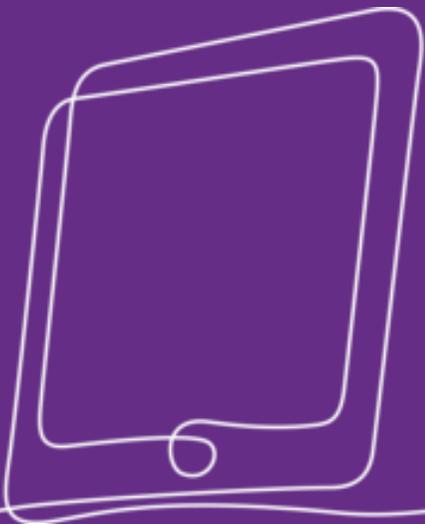
## Update on “Daytime Unlimited”

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

<b>KZT in millions, except per share data, number of shares and changes</b>	<b>Q4 2016</b>	<b>Q4 2015</b>	<b>Chg (%)</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>Chg (%)</b>
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
<b>Gross profit</b>	<b>13,748</b>	<b>16,661</b>	<b>-17.5</b>	<b>55,171</b>	<b>78,492</b>	<b>-29.7</b>
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	
<b>Operating income</b>	<b>6,267</b>	<b>6,624</b>	<b>-5.4</b>	<b>31,041</b>	<b>52,601</b>	<b>-41.0</b>
Finance costs and other financial items, net	-3,380	2,860		-8,285	7,811	
<b>Income after financial items</b>	<b>2,887</b>	<b>9,484</b>	<b>-69.6</b>	<b>22,756</b>	<b>60,412</b>	<b>-62.3</b>
Income taxes	- 1,836	-2,518	-27.1	-6,073	-13,780	-55.9
<b>Net income</b>	<b>1,051</b>	<b>6,966</b>	<b>-84.9</b>	<b>16,684</b>	<b>46,632</b>	<b>-64.2</b>
Earnings per share (KZT), basic and diluted	5.3	34.8	-84.9	83.4	233.2	-64.2

# Balance sheet

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

# Statement of cash flows

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

# 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.