

Q3 2020
Financial Results

ESTABLISHING A SOLID BASE
FOR FUTURE GROWTH



- ❑ Clarity on Covid-19 impact
- ❑ Solid 3Q performance with double digit topline growth
- ❑ A gradual recovery in demand for smartphones supported by Kcell's commercial actions, leading to a significant hike in sales; branded stores resumed normal operations
- ❑ Improved inventory management processes in place to handle and meet demand effectively in combination with careful monitoring of prices
- ❑ Introduction of a robust scoring system to maintain bad debt at the modest level



- ❑ Provision of essential support to Kcell's customers and to the wider society of Kazakhstan
- ❑ Development and supply of a range of packages specifically designed to facilitate home working and distant learning
- ❑ Opening of the second co-branded store in Shymkent, 3rd largest city, in cooperation with Samsung
- ❑ Launch of a cross-industry project to cover all areas populated by 250+ inhabitants
- ❑ Commencement of a network integration process with Kazakhtelecom to pursue all possible synergies



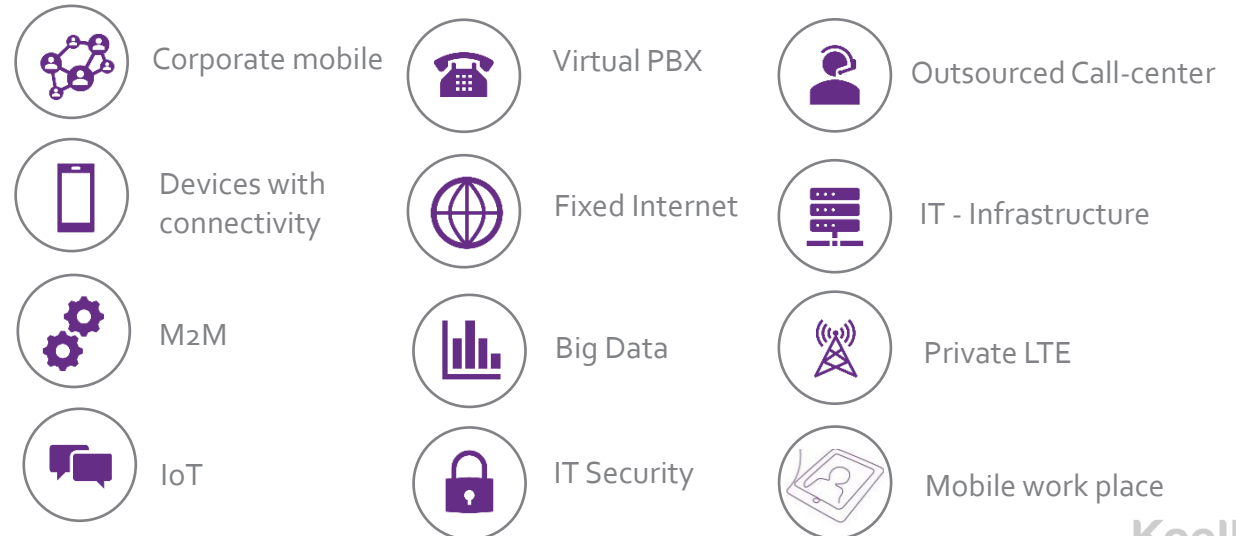
- ❑ 2.3% QoQ increase in subscriber base, reflecting the continued focus on the development and launch of innovative and attractive tariffs
- ❑ 13.9% YoY growth in revenue
- ❑ 1.9% YoY increase in service revenue, excluding off-net bulk SMS
- ❑ YTD Free cash flow up 42.8%



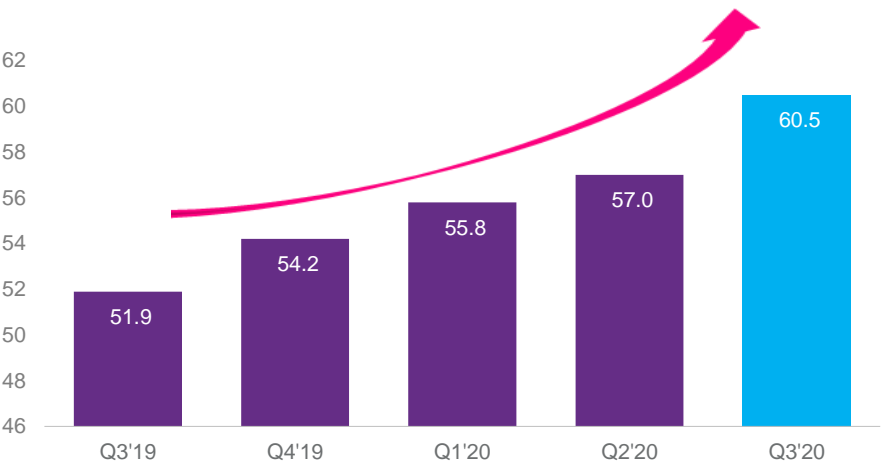
- ❑ Growth in contract phones sales boosted the number of subscribers providing higher levels of profitability
- ❑ 6.3% YoY increase in ARPU
- ❑ Lower churn level as a result of ongoing efforts over recent years to focus on improving the quality of the subscriber base



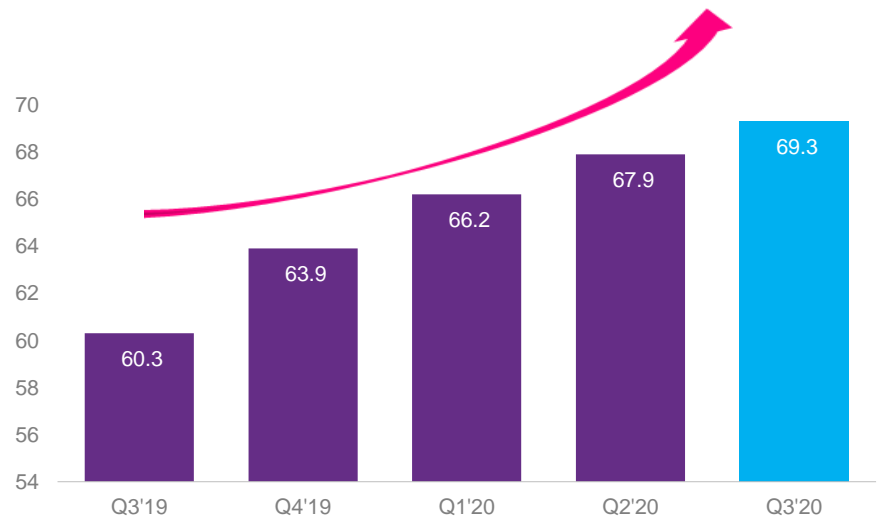
- ❑ B2B business up 40.3% YoY, excluding off-net bulk SMS
- ❑ Key growth drivers:
 - attractive business solutions
 - higher demand for devices with progressive tariff plans to enable connectivity



BUNDLE BASE %*



4G DEVICE PENETRATION %*



*% in the Company's network



- ❑ Revenue growth partially driven by a rise in subscribers for high quality attractive tariff plans which include variety of additional services (ivi TV, Yandex+, Mobi Doctor, educational platforms, etc.)
- ❑ Continued focus on the development and launch of innovative and attractive bundled offers, as well as proactive promotion across all channels
- ❑ 4G device penetration growth supported by contract phones sales



111 PB
DATA TRAFFIC
+36.4% YoY

8 GB
AVERAGE DATA
TRAFFIC PER USER
+19.7% YoY

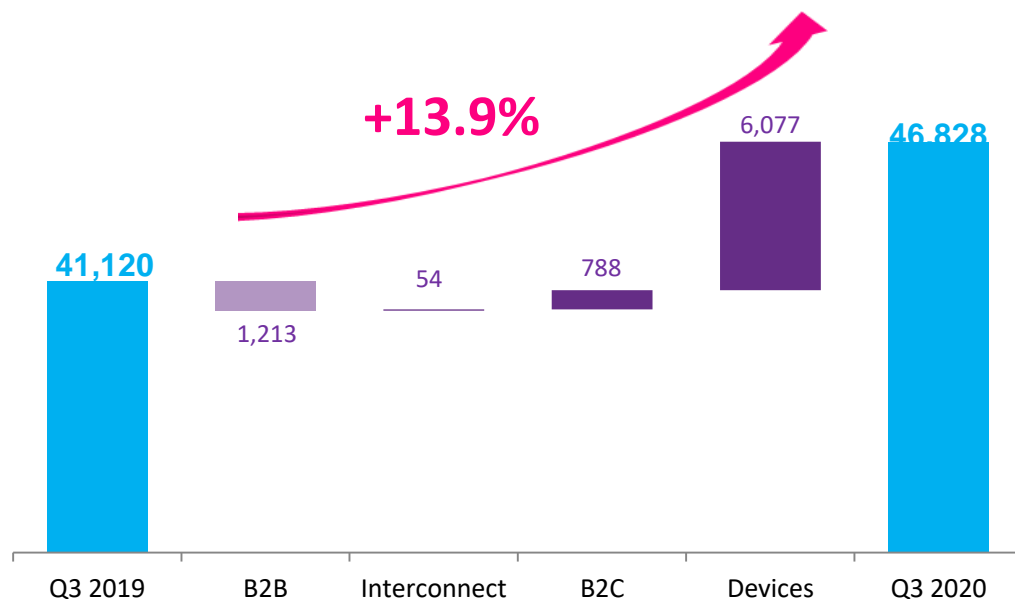


3,341 K
4G DATA USERS
+40.7% YoY

849 K
OTT USERS
+33.3% YoY

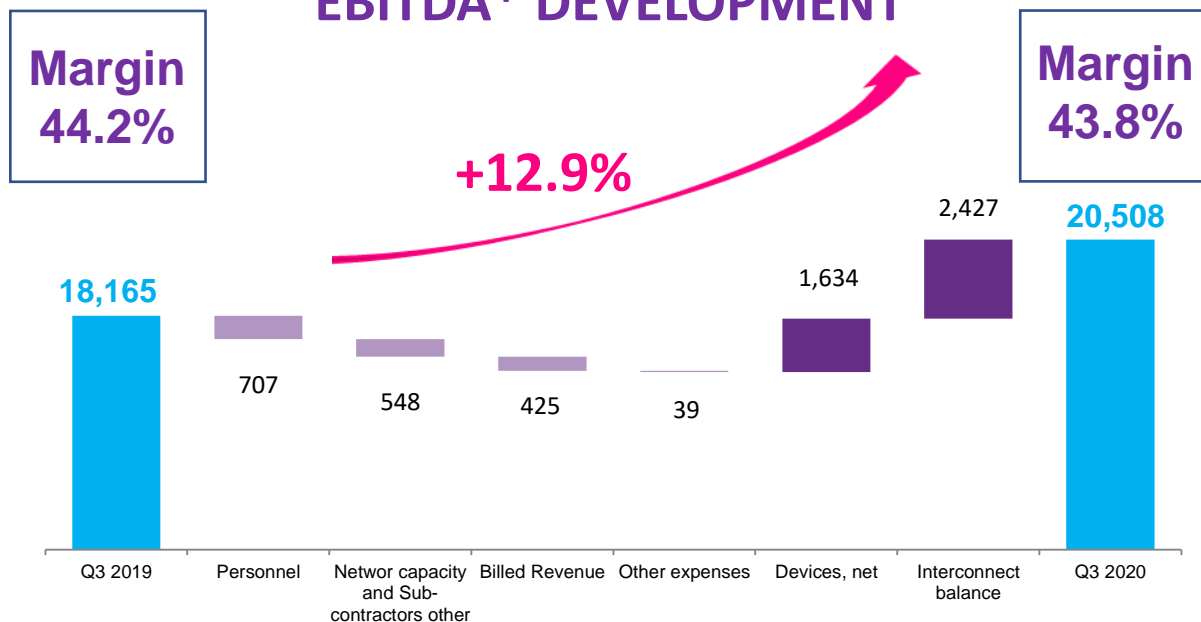


REVENUE GROWTH



- Revenue increase was driven by the introduction of new attractive tariff plans, increased number of customers with bundled offers and sales of devices in B2C and B2B segments
- The negative effect mostly driven by a strategic decision at the start of 2Q to cease the provision of subsidized services (off-net bulk SMS)

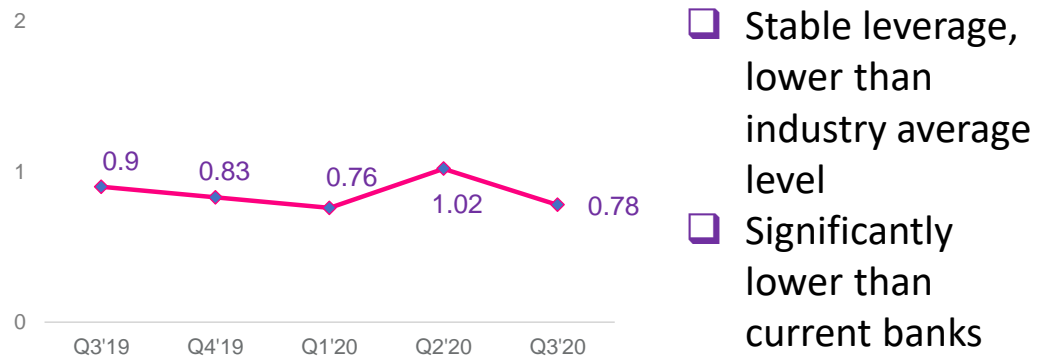
EBITDA* DEVELOPMENT



- Robust EBITDA growth was mainly driven by higher device sales and termination of provision of low margin services (off-net bulk SMS)
- Double digit increase in EBITDA was also supported by thorough analysis and tight control of expenses, as well as substantial cost optimisation

*excluding non-recurring items

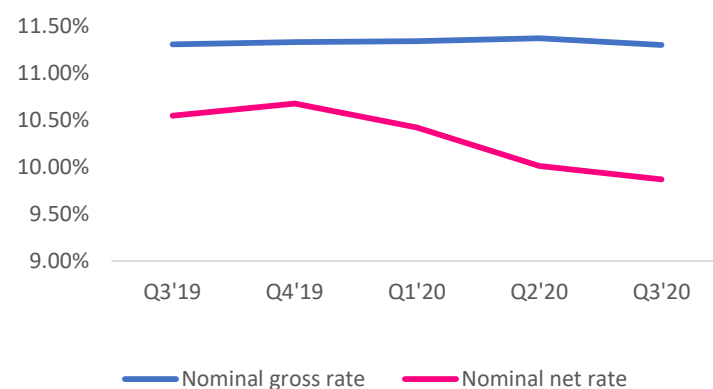
NET DEBT/EBITDA*



* excluding lease liabilities under IFRS 16

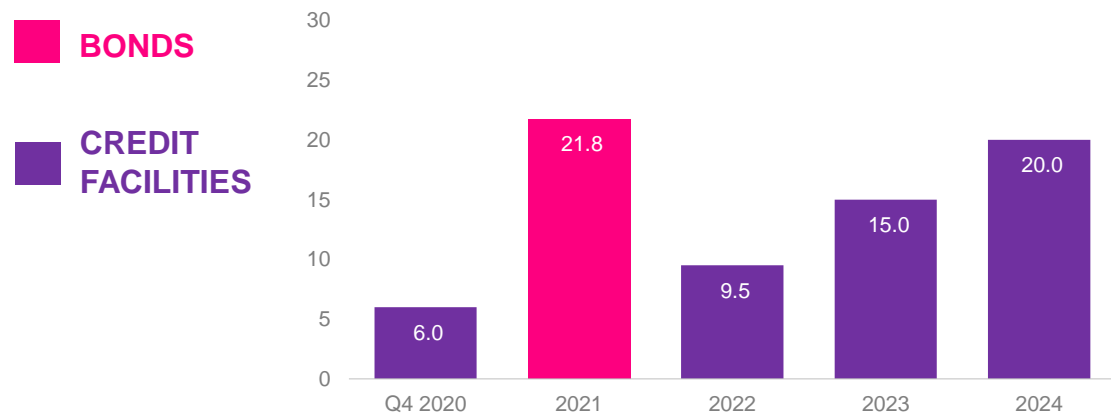
- Stable leverage, lower than industry average level
- Significantly lower than current banks covenants

AVERAGE INTEREST RATE



- Interest rate with Halykbank reduced from 11.5% to 11.2%
- Interest rate with Bank of China Kazakhstan reduced from 10.5% to 10.3%
- KZT 6 bln obtained from VTB bank for 3 years, with interest rate of 10.7%

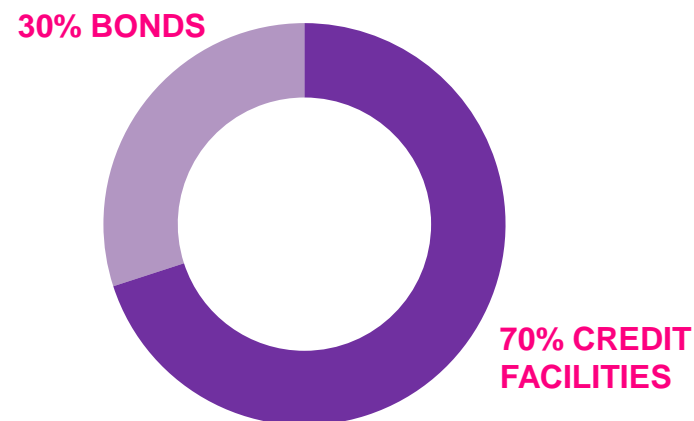
DEBT REPAYMENT SCHEDULE



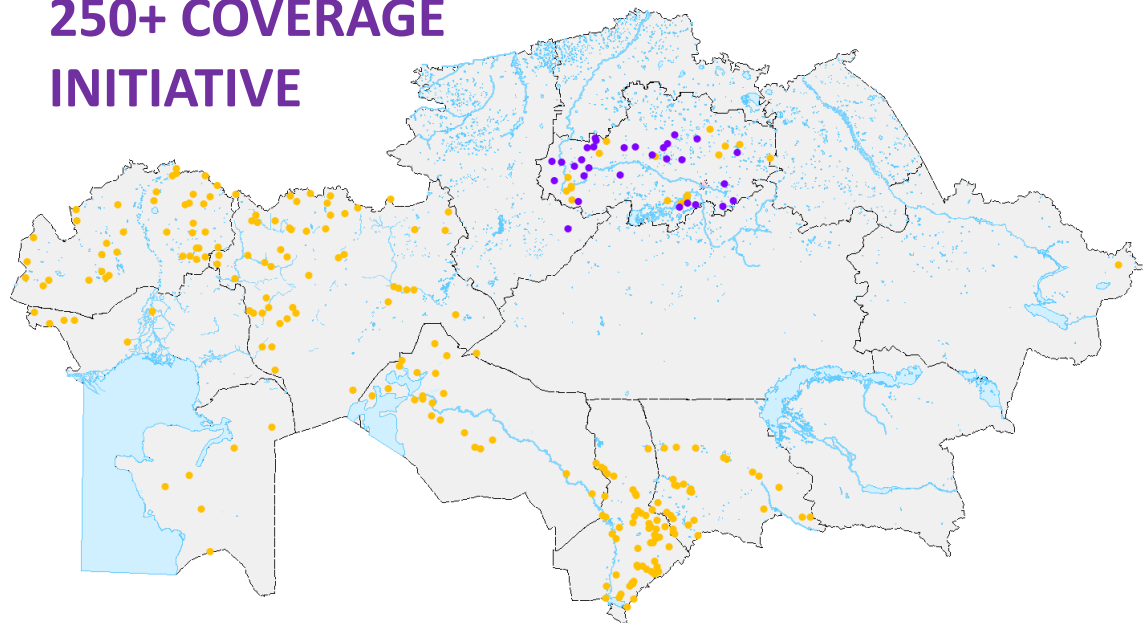
In KZT bln

DEBT PORTFOLIO COMPOSITION

- All credit facilities are denominated in local currency



250+ COVERAGE INITIATIVE



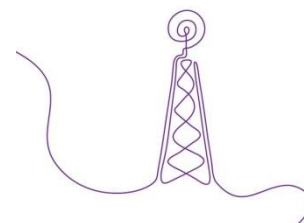
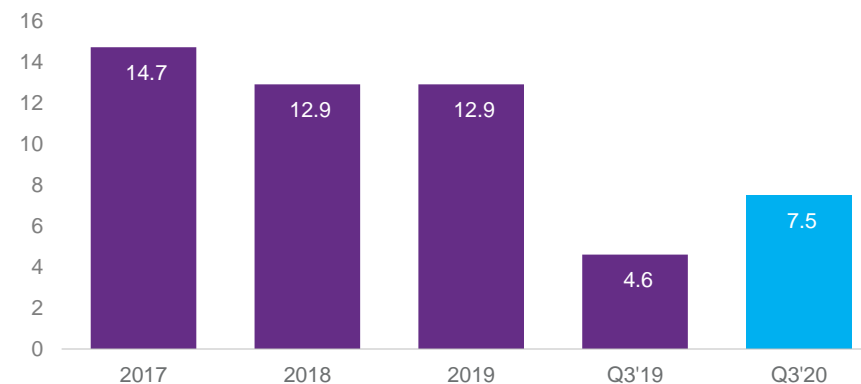
- Joined a cross-industry initiative to cover all areas populated by 250+ inhabitants:
 - CAPEX spending will be shared across the three key players in Kazakhstan
 - Launched 51 sites, covering 64 settlements
 - 250 sites planned to be launched by the end of 2020, additionally covering 255 settlements

72% LTE traffic of total data traffic

64.8% LTE population coverage

81.5% 3G population coverage

CAPEX-TO-SALES RATIO



7,193

YTD INVESTMENT in KZT mln Kcell

- ❑ Previous guidance on our outlook were suspended due to the onset of COVID-19 and the subsequent impact of national lockdowns
- ❑ With signs of gradual stabilization of the situation in Kazakhstan, and on the basis of no unexpected events or situations that would undermine this stability, the Company is now able to provide an outlook for 2020 of **high single-digit growth** in both **Revenue** and **EBITDA**



Q&A

Conference Call

The conference call will be held on **13 November 2020** at 11:00 London time / 14:00 Moscow / 17:00 Almaty.

Kcell Participants: **Kaspars Kukelis** (CEO), **Yuri Kharlamov** (CFO), **Aibek Nurkadyr** (Director of Strategic Development Department), **Irina Shol** (Head of IR)

Webcast

<https://mm.closir.com/slides?id=411747>

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