



Kcell and Beeline Kazakhstan sign 4G/LTE network sharing agreement

Almaty, 31 August 2016 - Kcell Joint Stock Company ("Kcell" or the "Company") (LSE, KASE: KCEL), the leading provider of mobile telecommunications services in Kazakhstan by market share in terms of revenue and subscribers, and Beeline Kazakhstan, a part of VimpelCom (NASDAQ: VIP), a leading global provider of telecommunications and digital services headquartered in Amsterdam and serving over 200 million customers, today have signed a network sharing agreement for the joint deployment of 4G/LTE services in Kazakhstan.

The network sharing agreement is for the joint deployment of 4G/LTE services in all major areas in Kazakhstan over the coming years. It will not, however, restrict competition between the two companies. The two mobile network operators will undertake joint planning of 4G/LTE networks in order to improve efficiency while significantly accelerating implementation of the project and provide higher service quality.

Under the agreement, Kcell and Beeline Kazakhstan will jointly roll out a shared 4G/LTE network with nationwide reach. Kcell will build out the network in seven regions: Almaty, South-Kazakhstan, Western-Kazakhstan, Atyrau, Magystau, Kyzylorda and Aktobe. Beeline Kazakhstan will also be responsible for seven regions: Astana, Karaganda, Zhambyl, Eastern-Kazakhstan, North-Kazakhstan, Pavlodar and Kostanay.

The initiative is based on both operators sharing the 4G/LTE Radio Access Network (RAN) by geographical split, with each operator investing 50 percent of the overall costs. The network will incorporate the most suitable sites in terms of location, transmission capacity and infrastructure environment in each city, to ensure the shared network provides excellent coverage and service quality.

Management of the joint network will be undertaken by a team consisting of representatives from both Kcell and Beeline Kazakhstan. The assets will be owned by the operator that has undertaken the network rollout in that particular region.

The first phase will be launched across 13 cities in September 2016. Kcell will launch the shared 4G/LTE network in four cities in Almaty, Shymkent, Atyrau and Aktau. Beeline Kazakhstan will launch the shared LTE network in Astana, Karaganda, Zhezkazgan, Satpaev, Kostanay, Borovoe, Pavlodar, Semey, and Oskemen.

The joint 4G/LTE network is expected to cover over 30 percent of the country's population by the end of 2016.

Arti Ots, Kcell CEO, commented:

"This agreement to combine the 4G/LTE networks of Kcell and Beeline Kazakhstan will enable us to provide our subscribers with accelerated access to 4G/LTE services, which in turn brings high data speed, greater quality and nationwide coverage.

The agreement is also a clear demonstration of moves within Kazakhstan's mobile telecoms market towards an era of "co-opetition", with operators combining their efforts to generate additional value for both shareholders and customers."

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Company Overview

Kcell provides mobile voice telecommunications services, messaging services, value-added services such as multimedia and mobile content services, as well as data transmission services including internet access. It has two brands: the Kcell brand, which is targeted primarily at corporate subscribers (including government subscribers), and the Activ brand, which is targeted primarily at mass market subscribers. The Company offers its services through its extensive, high quality network which covers substantially all of the populated territory of Kazakhstan.

In December 2012, Kcell successfully completed its offering of GDRs on the London Stock Exchange and common shares on KASE. The price was set at USD 10.50 per GDR and KZT 1,578.68 per share with each GDR representing one share. The offering consisted of a sale by TeliaSonera of 50 million shares, which represent 25 percent of Kcell's share capital.

Kcell plans to benefit from the significant growth potential for mobile data services in Kazakhstan. The Company intends to continue to invest in the deployment of its 3G network to expand coverage and to introduce high quality 4G services. Kcell aims to maintain its market leadership in terms of revenue and the number of subscribers by offering its products and services at competitive prices, expanding its offering of products and services, maintaining the high quality of its network and enhancing its brand value.