



PRESS RELEASE

In the 1st half of the year, the Kazakhtelecom group of companies recorded a 16% increase in net profit

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The country's largest telecom operator has disclosed financial statements for the first half of 2023. According to the statements, the Kazakhtelecom Group of companies has demonstrated growth of almost all major financial and economic indicators for 6 months. This indicates the correctness of the chosen development strategy and creates basis for implementation of the planned portfolio of projects, including deployment of 5G network in the country, as well as development and modernization of network infrastructure in cities and villages.

In particular, according to the consolidated financial statements, the group's revenue increased by 10% in the first half of 2023 and exceeded KZT 330 billion (KZT301 billion in the first half of 2022). Net profit increased by 16% and amounted to KZT 58.5 billion (KZT 50.5 billion for the same period in 2022). EBITDA (the company's earnings before interest, taxes, depreciation and amortization) amounted to KZT 153 billion and improved by 10% compared to the same period in the previous year, and its profitability in relation to revenue remained at 46%, which exceeds historical values for comparable telecom operators. Revenue growth in the first half of this year compared to the same period last year was achieved both due to revenue growth in the fixed-line segment and in the mobile segment.

"It is necessary to note significant volume of investments made by the Group in the first half of this year. Total amount of capital investments has exceeded KZT 255 billion, of which KZT 156 billion were paid to the state budget for fifth-generation mobile communications radio frequencies (5G). We consider it strategically important to develop and update the infrastructure, modernize and expand network in order to improve quality of services provided and their availability throughout the country. Priority issue for the company is welfare of our employees, which is evidenced by increase in expenses for production personnel in the 1st half of this year by 12% compared to the same period last year. At the same time, despite the increase in operating expenses, as well as a significant increase in capital expenditures, the company's financial stability indicators have improved. Thus, the debt load indicators Debt/EBITDA and Debt/Equity decreased by 21% and 24%, respectively, compared to the levels of the same period last year. We expect a moderate increase of the debt burden as large-scale investment program of the Kazakhtelecom Group of Companies is further implemented, there is a significant margin of safety within the existing restrictions (Net debt/EBITDA is 0.66 at the end of the 1st half of 2023 on a consolidated basis), we also have access to loan capital," noted **Lyudmila Atamuratova, CFO of Kazakhtelecom JSC.**

Among the company's priorities are still projects for the further implementation of the fifth-generation communications standard in the republic, transition of customers from outdated copper data transmission technologies to optical ones and improving quality of services provided.

"Kazakhtelecom Group of Companies is currently actively working on a large—scale and most important project for the state and population - the deployment of fifth-generation mobile communications in the country. As you remember, in December last year, consortium of operators of MTS LLP and Kcell JSC became won the auction for distribution of radio frequencies and according to terms of the competition, by 2027 our subsidiaries should deploy more than 7 thousand 5G base stations across the country, of which more than a hundred are already operating today, and this figure is planned to increase several times by the end of the year. Today, residents of the capital, Almaty, Shymkent, Turkestan, Semey, Kostanay and Karaganda already have access to 5G network. In general, Kazakhtelecom, as parent company of both consortium members, keeps 5G implementation project under constant control," says **Kuanyshebek Yessekeyev, CEO of Kazakhtelecom JSC.**

According to the head of Kazakhtelecom, launch of the fifth-generation 5G communications not only will transform landscape of mobile communications in Kazakhstan, but also significantly affect the country's economy and population quality of life due to the emergence of unique digital opportunities,

development of innovations and technologies, acceleration of transformational processes in all spheres and much more.

Department of Communications
Kazakhtelecom JSC