

PRESS RELEASE

S&P Global Ratings maintained the rating of Kazakhtelecom JSC at BB+ level

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Astana

The international rating agency S&P Global Ratings confirmed the credit rating of Kazakhtelecom JSC at BB+ with a Stable outlook, reflecting further organic revenue growth and a moderate level of the company's debt load.

According to the rating agency's expectations, against the background of good generation of operating cash and significant balances, Kazakhtelecom's needs for external financing due to large investments in the development of the 5G network in 2023-2025 will be limited, which will allow maintaining the debt load of the Kazakhtelecom Group of Companies at an acceptable level for the current rating.

The S&P Global Ratings report indicates that after the company's recent good results for 9 months of this year, demonstrated despite the maturity of the market, the authoritative agency's analysts raised their forecasts for Kazakhtelecom's consolidated revenue, taking into account the company's growth potential as a dominant player.

"Kazakhtelecom's dominant position in the fixed broadband Internet access market (64% of the market) gives the company a significant competitive advantage over other operators. Kazakhtelecom maintains its leading position in the mobile communications market due to changes in its strategy aimed at a stronger focus on customers with large service packages or more expensive subscriptions," – noted by the **rating agency**.

We would like to remind you that last year, S&P Global Ratings already assessed the company's rating as "Stable", predicting further organic revenue growth and recognizing a significant margin of financial stability of the Kazakhtelecom Group. Then agency analysts noted that even if the economic situation in the country weakens and external conditions deteriorate, Kazakhtelecom's strong position in the market and the current low level of debt burden, combined with the company's flexibility in the field of capital expenditures, will protect the company.

"Literally a week ago, our company disclosed the financial results of the Kazakhtelecom Group for the first 9 months of 2023. According to consolidated statements, the group's revenue increased during this period by KZT 30 billion and exceeded KZT 504 billion (KZT 475 billion for the first 9 months of 2022). The growth was achieved due to increased revenues in both the fixed-line and mobile segments. EBITDA improved by 3.2%, and its profitability in relation to revenue was 46.5%. We believe that the results obtained confirm the effectiveness of the chosen strategy. It is important for us that the analysts of the rating agency S&P Global Ratings share the same opinion, especially taking into account their independence and international expertise," – noted **Lyudmila Atamuratova, CFO of**

Kazakhtelecom JSC. – *We pay great attention to issues of financial stability, as we understand that this is the basis for the long-term development and growth of the company."*

S&P expects that in 2023-2025 the consolidated EBITDA margin will decrease to 40%, which is due to significant indexation of base wages and high inflation rates. However, analysts emphasize that they consider this level of profitability to be average among comparable companies operating in the communications sector.

For reference: The current credit rating of Kazakhtelecom, assigned by Fitch Ratings and confirmed in December 2022, is at the level of "BBB-" with a "Stable" outlook.

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