



# Kcell JSC

Results for January – December  
2017

## Kcell JSC Results for January – December 2017

**Almaty, 26 January 2018** – 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, announces its results for the financial year ended 31 December 2017.

### Fourth quarter

- Net sales remained stable at KZT 38,154 million (38,223). Service revenue grew by 0.4 percent to KZT 34,914 million (34,779).
- EBITDA, excluding non-recurring items, increased by 11.2 percent to KZT 16,110 million (14,485) with EBITDA margin of 42.2 percent (37.9).
- Operating income, excluding non-recurring items, increased by 19.9 percent to KZT 10,015 million (8,355).
- Net financial items of KZT -2,508 million (-3,380).
- Net income increased to KZT 5,173 million (1,051).
- Free cash flow increased to KZT 2,710 million (-12,301).
- During the quarter, the customer base increased by 8 thousand customers to 10,009 thousand (10,001).

### Full year

- Net sales increased by 0.1 percent to KZT 147,229 million (147,037). Service revenue down 0.5 percent to KZT 136,591 million (137,337).
- EBITDA, excluding non-recurring items, decreased by 1.2 percent to KZT 57,321 million (57,989). The EBITDA margin decreased to 38.9 percent (39.4).
- Operating income, excluding non-recurring items, grew by 1.3 percent to KZT 34,174 million (33,740).
- Net financial items of KZT -9,419 million (-8,285).
- Net income declined by 19.5 percent to KZT 13,434 million (16,684).
- Free cash flow increased to KZT 10,899 million (-13,293).
- During the reporting year, the customer base increased by 23 thousand to 10,009 thousand (9,986).

## Financial highlights

KZT in millions, except key ratios, per share data and changes	Oct-Dec 2017	Oct-Dec 2016	Chg (%)	Jan-Dec 2017	Jan-Dec 2016	Chg (%)
Revenue	38,154	38,223	-0.2	147,229	147,037	0.1
of which service revenue	34,914	34,779	0.4	136,591	137,337	-0.5
EBITDA excl. non-recurring items	16,110	14,485	11.2	57,321	57,989	-1.2
Margin (%)	42.2	37.9		38.9	39.4	
Operating income	10,015	6,267	59.8	31,501	31,041	1.5
Operating income excl. non-recurring items	10,015	8,355	19.9	34,174	33,740	1.3
Net income attributable to owners of the parent company	5,173	1,051	392.3	13,434	16,684	-19.5
Earnings per share (KZT)	25.9	5.3	392.3	67.2	83.4	-19.5
CAPEX-to-sales (%)	21.1	23.1		14.7	34.7	
Free cash flow	2,710	-12,301		10,899	-13,293	

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the fourth quarter or the full year 2016, unless otherwise stated.



## Comments by Arti Ots, CEO

“In the fourth quarter of 2017, we saw further momentum in our financial performance. Service revenue increased over the previous year for the first time in three years, whilst EBITDA for the quarter was 11 percent higher year-on-year, driven by tight cost control and the ongoing migration of our subscribers to new tariff plans.

The B2B business continued to deliver notable growth in revenue, while revenue from business solutions rose 45 percent in the fourth quarter over the previous year. Our portfolio of new business also grew substantially and we now have more than five hundred thousand subscribers to our music, TV, books and financial services.

We made strong progress in the rollout of our 4G/LTE network in 2017. Kcell's 4G/LTE services have achieved population coverage of 49 percent, with almost 40 percent of total Kcell traffic now carried on the 4G/LTE network.

Throughout 2017 we focused on simplifying our product portfolio and automating customer processes, making notable progress in our digital transformation programme to bring greater efficiency and effectiveness across all Kcell's operations.

In December 2017, we celebrated the five-year anniversary of our listing on the KASE and London Stock Exchange. During the past five years, we have seen clear benefits from operating as a listed entity with an international shareholder base and our strong commitment to international best practice continues across all our operations and in our corporate governance.



In 2018, we are continuing to build on Kcell's leading market position and technology excellence. We are focused on driving uptake of our new products and the conversion of smartphone users to bundles and contract phones as we roll out our 4G/LTE network further.

We will also make further progress in the digital transformation of Kcell's operations to ensure greater efficiency, in order to increase service quality for all our customers and deliver value for all our shareholders.”

26 January 2018

**Arti Ots**  
CEO



## CONFERENCE CALL

Kcell will host an analyst conference call on 26 January 2018 at 9:30 UK time / 15:30 Almaty / 12:30 Moscow. The conference will be held in English, audio webcast will be available at: <http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=5245>

### Dial in details are as follows:

UK Toll Free:	0800 358 6377
Standard International	
Dial-in:	+44 330 336 9105
Russia Toll Free:	8 800 500 9283
Russia Local Call number:	+7 495 213 1767
USA Toll Free:	800 281 7973
USA Dial-In:	+1 646 828 8156
Conference ID	8719643

A presentation will be available on the Company website shortly before the conference call on <http://www.investors.kcell.kz/en>

A replay will be available at: <http://kcell260118-live.audio-webcast.com/>

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## Review of the fourth quarter 2017

### Net Sales

Net sales remained stable at KZT 38,154 million (38,223). Service revenue grew by 0.4 percent to KZT 34,914 million (34,779).

Revenue from voice services fell by 6.9 percent to KZT 20,018 million (21,495). Data revenue increased by 12.5 percent to KZT 12,214 million (10,858). Revenue from value-added services increased by 11.5 percent to KZT 2,682 million (2,406). Other revenue decreased to KZT 3,239 million (3,465).

### Voice service

Revenue from voice services fell by 6.9 percent to KZT 20,018 million (21,495). Voice traffic decreased by 6.1 percent to 5,558 million minutes (5,919), and ARMU fell to KZT 2.1 (2.2).

Interconnect revenue declined by 3.9 percent to KZT 5,571 million (5,797), mainly due to a reduced volume of off-net traffic offered by all operators in the market.

### Data service

Data revenue increased by 12.5 percent to KZT 12,214 million (10,858). Data traffic grew by 47.8 percent to 56,050,712 GB (37,935,011). Growth in data traffic was partially offset by offering packages with lower tariffs per MB, which led to a decrease in average revenue per MB (ARMB) to KZT 0.2 (0.3).

### Value-added service

Revenue from value-added services increased by 11.5 percent to KZT 2,682 million (2,406), largely as a result of an introduction of new OTT services.

### Other revenue

Other revenue decreased to KZT 3,239 million (3,465), reflecting lower demand for iPhone 8.

KZT in millions, except percentages	Oct-Dec 2017	% of total	Oct-Dec 2016	% of total
Voice services	20,018	52.5	21,495	56.2
Data services	12,214	32.0	10,858	28.4
Value added services	2,682	7.0	2,406	6.3
Other revenues	3,239	8.5	3,465	9.1
<b>Total revenues</b>	<b>38,154</b>	<b>100.0</b>	<b>38,223</b>	<b>100.0</b>



## EXPENSES

### Cost of sales

Cost of sales decreased by 6.3 percent to KZT 22,922 million (24,476), mainly due to lower interconnect cost of KZT 5,622 million (6,544).

### Selling and marketing expenses

Selling and marketing expenses decreased by 18.3 percent to KZT 2,694 million (3,297), as a result of an introduction of digitalisation programme, as well as due to reduced staff costs.

### General and administrative expenses

General and administrative expenses decreased by 36.9 percent to KZT 3,026 million (4,794), primarily due to the tax provision made in the fourth quarter of 2016.

## EARNINGS, FINANCIAL POSITION AND CASH FLOW

**EBITDA**, excluding non-recurring items, increased by 11.2 percent to KZT 16,110 million (14,485) with an EBITDA margin of 42.2 percent (37.9).

**Net financial items** were at KZT -2,508 million (-3,380).

**Income tax expense** increased by 27.1 percent to KZT 2,334 million (1,836).

**Net income attributable to owners of the parent company** increased to KZT 5,173 million (1,051), while earnings per share grew to KZT 25.9 (5.3).

**CAPEX** decreased to KZT 8,049 million (8,830) with the CAPEX-to-sales ratio of 21.1 percent (23.1).

**Free cash flow** improved during the reporting period and amounted to KZT 2,710 million (-12,301).



## REVIEW OF FULL YEAR 2017

### Net Sales

Net sales increased by 0.1 percent to KZT 147,229 million (147,037). Service revenue was down 0.5 percent to KZT 136,591 million (137,337).

Revenue from voice services decreased by 7.2 percent to KZT 80,400 million (86,634). Data revenue increased by 12.1 percent to KZT 46,358 million (41,339). Revenue from value-added services increased by 26.1 percent to KZT 9,837 million (9,351). Other revenue increased by 9.5 percent to KZT 10,633 million (9,713).

### Voice services

Revenue from voice services decreased by 7.2 percent to KZT 80,400 million (86,634). Voice traffic decreased by 1.2 percent to 22,678 million minutes (22,948), while ARMU decreased to KZT 2.2 (2.5).

Interconnect revenue increased by 1.0 percent to KZT 21,549 million (21,335).

### Data services

Data revenue increased by 12.1 percent to KZT 46,358 million (41,339). Data traffic increased by 58.5 percent to 192,691,522 GB (121,587,949). Growth in data traffic was partially offset by packages with lower tariffs per MB, which resulted in a decrease in average revenue per MB (ARMB) to KZT 0.2 (0.3).

### Value-added services

Revenue from value-added services increased by 5.2 percent to KZT 9,837 million (9,351), largely due to the introduction of new OTT services.

### Other revenue

Other revenue increased by 9.5 percent to KZT 10,633 million (9,713), reflecting higher handset sales.

KZT in millions, except percentages	Jan-Dec 2017	% of total	Jan-Dec 2016	% of total
Voice services	80,400	54.6	86,634	58.9
Data services	46,358	31.5	41,339	28.1
Value added services	9,837	6.7	9,351	6.4
Other revenues	10,633	7.2	9,713	6.6
<b>Total revenues</b>	<b>147,229</b>	<b>100.0</b>	<b>147,037</b>	<b>100.0</b>



## EXPENSES

### Cost of sales

Cost of sales decreased by 1.9 percent to KZT 90,107 million (91,866), primarily due to lower interconnect expenses of KZT 22,870 million (24,283).

### Selling and marketing expenses

Selling and marketing expenses decreased by 4.4 percent to KZT 10,506 million (10,988), mainly as a result of the digitalisation programme and lower staff costs.

### General and administrative expenses

General and administrative expenses increased by 9.7 percent to KZT 15,524 million (14,150), mainly as a result of the tax provision.

## EARNINGS, FINANCIAL POSITION AND CASH FLOW

**EBITDA**, excluding non-recurring items, decreased by 1.2 percent to KZT 57,321 million (57,989). The EBITDA margin was 38.9 percent (39.4).

**Net financial items** increased to KZT -9,419 million (-8,285).

**Income tax expense** increased by 42.4 percent to KZT 8,648 million (6,073).

**Net income attributable to owners of the parent company** decreased by 19.5 percent to KZT 13,434 million (16,684), while earnings per share decreased to KZT 67.2 (83.4).

**CAPEX** was lower at KZT 21,648 million (51,017) and the CAPEX-to-sales ratio decreased to 14.7 percent (34.7). In 2016, CAPEX included the acquisition of LTE frequencies for KZT 26 billion.

**Free cash flow** increased to KZT 10,899 million (-13,293).

**Net debt/equity ratio** was 77.6 percent (78.3).

**Net debt/EBITDA rate** was 1.06 (1.03).

**The equity/assets ratio** was 41.4 percent (40.1).



## KEY MILESTONES 2017

### January

- Kcell became the official mobile operator of the 28th World Winter Universiade. The 28th World Winter Universiade was held in Almaty from 29 January to 8 February 2017. 2000 athletes from 58 countries took part in the Universiade. Kcell provided the high-quality mobile communication signal within sports facilities and launched the single reference contact center to provide the participants and guests of the Universiade with all the necessary background information, including competition schedule and locations of sports facilities.

### May

- The AGM held on 24 May 2017, approved the proposal of Kcell Board of Directors to distribute KZT 11,678 million, representing 70 percent of the net income for 2016, as an annual dividend. The total dividend amount equates to a gross figure of KZT 58.39 per ordinary share (each GDR representing one ordinary share). Kcell shareholders registered at the record date of 25 May 2017 were entitled to receive the dividends.
- Other decisions adopted by the AGM include the approval of the Company's Separate and Consolidated Financial Statements for the year ended 31 December 2016, the Independent Auditor's Report, the Instructions relating to allocation of work between the Board and the CEO, and Kcell JSC Charter in the new version. Shareholders were also informed on the amount and structure of remuneration for the members of Board of Directors and Executive Body of the Company. The Board of Directors received no queries from shareholders regarding the performance of the Company and its executives.

### June

- The dividends of KZT 58.39 per ordinary share (each GDR representing one ordinary share) were paid in a lump sum by electronic transfer into shareholders' bank accounts.
- Kcell's Board of Directors approved an extension of KZT 10 billion loan under the Master Facility Agreement #82.2090/2016 dated 8 June 2016 between Kcell JSC and Subsidiary Bank Alfa Bank Kazakhstan JSC. The credit line was extended for a term of twelve months.
- Kcell completed a drawdown of a KZT 22 billion tranche under the Term Loan Facility Agreement dated 24 September 2013 between Kcell JSC and Halyk Bank of Kazakhstan JSC. The credit line was extended for a term of 18 months.

### August

- The Board of Directors approved the appointment of Andis Locmelis as the Company's Finance Director. The appointment of Andis Locmelis followed the decision by Finance Director Trond Moe for personal reasons to leave the Company when his contract comes to an end.



## November

- Kcell was assigned a Long-Term Issuer Default Rating (IDR) of 'BB' and a Kazakhstan National Long-Term Rating of 'A(kaz)' by Fitch Rating with stable outlooks. Fitch Ratings also assigned 'BB'/ 'A(kaz)' ratings to JSC Kcell's (BB/Stable) senior unsecured debt and 'BB(EXP)'/ 'A(kaz)(EXP)' ratings to its proposed domestic bond issue.
- The Board approved the extension of a KZT 42 billion credit facility with Halyk Bank JSC along with certain amendments to the terms and conditions. Under the new agreement, the facility is extended until 2 December 2022. The interest rate for all existing and new loans within the facility was reduced to 12.5% p.a. (from 14.5%), whilst maturity for new tranches within the facility agreement increased to 36 months.

The Board also approved the extension of a KZT 8 billion loan within the credit facility agreement with Halyk Bank until 2 December 2019.

## December

- Kcell marked the fifth anniversary of the listing of its Global Depositary Receipts ("GDRs") on the London Stock Exchange ("LSE"), as well as the listing of its shares on the Kazakh Stock Exchange (KASE). Kcell's senior management team held a reception at the LSE to celebrate the occasion and were joined by LSE officials and the advisors who supported Kcell during its IPO and during its first five years of life as a listed company.

## Significant events following the end of the reporting period

### January 2018

- Kcell undertook a bond placement (KZP01Y03F725; KZ2C00004208; KCELb1) on the Kazakhstan Stock Exchange (KASE) on 16 January 2018, in which bonds to the value of KZT 4.95 billion were placed with investors at a yield of 11.5%. This was the first placement in the programme Kcell announced on 14 December 2017, aimed at expanding and diversifying the Company's funding sources, increasing the average term of Kcell's financial liabilities and decreasing its funding costs.



## ADMINISTRATIVE AND LEGAL UPDATE

In July 2017, the Kazakhstan tax authority completed its comprehensive tax audit for the period between 2012 and 2015. Following the audit, the tax authority made a total claim of KZT 9.0 billion, of which KZT 5.8 billion is for unpaid taxes and KZT 3.2 billion represents fines and penalties for late payment. The Company considers it unlikely that the full amount of the claim will become payable following the appeal process.

In the fourth quarter of 2016, a tax provision of KZT 3,962 million was made, with the additional KZT 2,673 accrual in the second quarter of 2017.

Kcell submitted an appeal to highest level of Kazakhstan's government and to the Ministry of Finance. In January 2018, Kcell filed an appeal with the Court of First Instance. The Company continues to pursue all available avenues to achieve resolution and will update investors on the progress of this situation in due course.



The January-December 2017 financial statements are being audited by the Kcell external auditors, and their report is expected to be available on the Kcell website starting from 1 March 2018.

**The information was submitted for publication at 09:00 ALMT on 26 January 2018.**

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## Financial Information

Interim Report January – March 2018

20 April 2018

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## Questions regarding the reports:

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## Definitions

**EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortization. Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

**CAPEX:** Capital expenditures and advances paid for property, plant and equipment as well as software and licenses including investments in tangible and intangible non-current assets, but excluding goodwill and fair value adjustments recognized in acquisitions, and excluding the recording of assets retirement obligations.

**ARMB:** Average revenue per MB.



## Condensed Consolidated Statements of Comprehensive Income

KZT in millions, except per share data, number of shares and changes	Oct-Dec 2017	Oct-Dec 2016	Chg (%)	Jan-Dec 2017	Jan-Dec 2016	Chg (%)
Revenues	38,154	38,223	-0.2	147,229	147,037	0.1
Cost of sales	-22,922	-24,476	-6.3	-90,107	-91,866	-1.9
<b>Gross profit</b>	<b>15,232</b>	<b>13,748</b>	<b>10.8</b>	<b>57,122</b>	<b>55,171</b>	<b>3.5</b>
Selling and marketing expenses	-2,694	-3,297	-18.3	-10,506	-10,988	-4.4
General and administrative expenses	-3,026	-4,794	-36.9	-15,524	-14,150	9.7
Other operating income and expenses, net	502	610	-17.7	410	1,008	-59.4
<b>Operating income</b>	<b>10,015</b>	<b>6,267</b>	<b>59.8</b>	<b>31,501</b>	<b>31,041</b>	<b>1.5</b>
Finance costs and other financial items, net	-2,508	-3,380	-25.8	-9,419	-8,285	13.7
<b>Income after financial items</b>	<b>7,507</b>	<b>2,887</b>	<b>160.0</b>	<b>22,082</b>	<b>22,756</b>	<b>-3.0</b>
Income taxes	-2,334	-1,836	27.1	-8,648	-6,073	42.4
<b>Net income</b>	<b>5,173</b>	<b>1,051</b>	<b>392.3</b>	<b>13,434</b>	<b>16,684</b>	<b>-19.5</b>
Total comprehensive income attributable to owners of the parent company	5,173	1,051	392.3	13,434	16,684	-19.5
Earnings per share (KZT), basic and diluted	25.9	5.3	392.3	67.2	83.4	-19.5
Number of shares (thousands)						
Outstanding at period-end	200,000	200,000		200,000	200,000	
Weighted average, basic and diluted	200,000	200,000		200,000	200,000	
EBITDA	16,110	12,397	30.0	54,648	55,290	-1.2
EBITDA excl. non-recurring items	16,110	14,485	11.2	57,321	57,989	-1.2
Depreciation, amortization and impairment losses	-6,095	-6,130	-0.6	-23,147	-24,249	-4.5
Operating income excl. non-recurring items	10,015	8,355	19.9	34,174	33,740	1.3



## Condensed Consolidated Statements of Financial Position

KZT in millions	31 Dec 2017	31 Dec 2016
<b>Assets</b>		
Intangible assets	43,061	42,842
Property, plant and equipment	93,680	95,322
Other non-current assets	39	86
Long-term receivables	1,437	1,163
<b>Total non-current assets</b>	<b>138,217</b>	<b>139,413</b>
Inventories	3,425	3,587
Trade and other receivables	25,547	29,554
Cash and cash equivalents	12,660	8,477
<b>Total current assets</b>	<b>41,632</b>	<b>41,617</b>
<b>Total assets</b>	<b>179,849</b>	<b>181,031</b>
<b>Equity and liabilities</b>		
Share capital	33,800	33,800
Retained earnings	40,637	38,880
<b>Total equity and liabilities</b>	<b>74,437</b>	<b>72,680</b>
Long-term borrowings	12,000	8,000
Deferred tax liabilities	4,818	6,012
Other long-term liabilities	1,354	1,285
<b>Total non-current liabilities</b>	<b>18,172</b>	<b>15,298</b>
Short-term borrowings	58,418	57,415
Trade payables, and other current liabilities	28,822	35,638
<b>Total current liabilities</b>	<b>87,240</b>	<b>93,053</b>
<b>Total equity and liabilities</b>	<b>179,849</b>	<b>181,031</b>



## Condensed Consolidated Statements of cash flows

KZT in millions	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Cash flow before change in working capital	14,940	9,281	51,354	45,299
Change in working capital	-6,064	-5,467	-17,871	-14,751
<b>Cash flow from operating activities</b>	<b>8,876</b>	<b>3,814</b>	<b>33,483</b>	<b>30,547</b>
Cash CAPEX	-6,166	-16,115	-22,584	-43,840
<b>Free cash flow</b>	<b>2,710</b>	<b>-12,301</b>	<b>10,899</b>	<b>-13,293</b>
<b>Cash flow from financing activities</b>	<b>-4,000</b>	<b>-</b>	<b>-6,678</b>	<b>-10,501</b>
<b>Cash flow for the period</b>	<b>-1,290</b>	<b>-12,301</b>	<b>4,221</b>	<b>-23,794</b>
<b>Cash and cash equivalents, opening balance</b>	<b>14,073</b>	<b>20,747</b>	<b>8,477</b>	<b>31,589</b>
Cash flow for the period	-1,290	-12,301	4,221	-23,794
Exchange rate difference	-123	31	-38	682
<b>Cash and cash equivalents, closing balance</b>	<b>12,660</b>	<b>8,477</b>	<b>12,660</b>	<b>8,477</b>

## Condensed Consolidated Statements of changes in equity

KZT in millions	Jan-Dec 2017			Jan-Dec 2016		
	Share capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
Opening balance	33,800	38,880	72,680	33,800	46,646	80,446
Dividends	-	-11,678	-11,678	-	-23,316	-23,316
Retained earnings of consolidated subsidiaries	-	-	-	-	-1,134	-1,134
Total comprehensive income	-	13,434	13,434	-	16,684	16,684
<b>Closing balance</b>	<b>33,800</b>	<b>40,637</b>	<b>74,437</b>	<b>33,800</b>	<b>38,880</b>	<b>72,680</b>



### Basis of preparation

As the annual accounts for 2016, Kcell's consolidated financial statements as of the end of 2017, have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies adopted are consistent with those of the previous financial year. All amounts in this report are presented in KZT millions, unless otherwise stated. Rounding differences may occur.

### Non-recurring items

KZT in millions	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
<b>Within EBITDA</b>				
Restructuring charges, synergy implementation costs, etc.	-	2,089	2,673	2,699
<b>Total</b>	<b>-</b>	<b>2,089</b>	<b>2,673</b>	<b>2,699</b>

### Investments

KZT in millions	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
<b>CAPEX</b>				
Intangible assets	3,163	3,304	5,981	32,923
Property, plant and equipment	4,886	5,526	15,667	18,094
<b>Total</b>	<b>8,049</b>	<b>8,830</b>	<b>21,648</b>	<b>51,017</b>

### Related party transactions

For the year ended 31 December 2017, Kcell purchased services for the amount of KZT 3,912 million and sold services for a value of KZT 898 million. Related parties in these transactions were mainly Telia and its group entities, Turkcell and Fintur Holding B.V.

### Net debt

KZT in millions	31 Dec 2017	31 Dec 2016
Long-term and short-term borrowings	70,418	65,415
Less short-term investments, cash and bank	-12,660	-8,477
<b>Net debt</b>	<b>57,758</b>	<b>56,938</b>



## Financial key ratios

	31 Dec 2017	31 Dec 2016
Return on equity (% , rolling 12 months)	18.0	23.0
Return on capital employed (% , rolling 12 months)	23.8	25.9
Equity/assets ratio (%)	41.4	40.1
Net debt/equity ratio (%)	77.6	78.3
Net debt/EBITDA rate (multiple, rolling 12 months)	1.06	1.03
Owners' equity per share (KZT)	372.2	363.4

## Operational data

	Oct-Dec 2017	Oct-Dec 2016	Chg (%)	Jan-Dec 2017	Jan-Dec 2016	Chg (%)
Subscribers, period-end (thousands)	10,009	9,986	0.2	10,009	9,986	0.2
Of which prepaid	9,100	9,049	0.6	9,100	9,049	0.6
MOU (min/month)	222	235	-5.5	226	228	-1.1
ARPU (KZT)	1,169	1,170	-0.1	1,149	1,155	-0.6
Churn rate (%)	73.5	57.2		56.1	49.3	
Employees, period-end	1,921	1,821		1,921	1,821	



### Forward-looking statements

This report contains statements concerning, among other things, Kcell's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Kcell's future expectations. Kcell believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement.

Such important factors include, but may not be limited to: Kcell's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Kcell and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Kcell undertakes no obligation to update any of them in light of new information or future events.

