

## PRESS-RELEASE<sup>1</sup>

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Astana city

### S&P forecasts further revenue growth and strengthening credit metrics of Kazakhtelecom JSC

International rating agency S&P Global Ratings once again has published an annual report on Kazakhtelecom JSC credit rating at 'BB+', (Outlook Stable confirmed) in which the agency forecasts further revenue organic growth for the largest telecom operator in Kazakhstan in 2022-2023.

In their report S&P analysts noted such key strengths of the Kazakh operator as a dominant position in the domestic telecommunications market, extensive network infrastructure with more than 85,000 kilometers of backbone network and over 14,000 base stations, moderate leverage, as well as strong profitability with high EBITDA margins.

*"Kazakhtelecom JSC Group of Companies pays special attention to the financial stability issues, as this guarantees the possibility of long-term sustainable development of our business," Lyudmila Atamuratova, Chief Financial Officer of Kazakhtelecom JSC, commented on the conclusions of the current S&P Global Ratings report. – I would like to note that the sufficient liquidity level and a significant margin of the company's financial strength, which is indicated by S&P specialists, is also confirmed by the recent decision to pay dividends to the company's shareholders in the amount of KZT 39.5 billion from its own funds by the end of 2021. We certainly attach significant importance to maintaining of our credit ratings level, since the opinion of such an authoritative international agency as S&P Global Ratings objectively reflects the state of the rated company and allows not only local but also foreign investors, creditors and other stakeholders to compare different companies with each other."*

The agency expects further revenue increase supported by pay-TV subscriber gains and stable growth in mobile and fixed segments as a result of continued business development in the broadband Internet segment and upselling opportunities in mobile.

S&P Global Ratings experts assess the company's liquidity indicators as sufficient: in their opinion, Kazakhtelecom has a comfortable debt repayment schedule which is 100% KZT-nominated with a complete absence of a FX component in the Group's loan portfolio. Moreover, analysts consider even a 15% EBITDA decline as acceptable for the liquidity level to remain adequate - their estimate of the company's safety margin so significant.

The agency admits that to some extent the weakening of the economic situation in the country may affect the company's activities. Nevertheless, the September "Negative" outlook on Kazakhstan does not have direct negative influence on the level of Kazakhtelecom's credit rating according to the S&P Global Ratings report. This is due to the confidence of analysts that the resilience of the country's telecommunications sector, the Kazakhtelecom dominant position in this market and the current low leverage, combined with capex

<sup>1</sup> Note: the press-release contains excerpts from S&P Global Ratings report (permission confirmed by the source beforehand)

flexibility, if needed, provide some protection in case of deterioration of external conditions. For these reasons, Kazakhtelecom's credit rating is confirmed at the current level of "BB+" with a "Stable" outlook.

*For reference: The current credit rating of Kazakhtelecom, from Fitch Ratings affirmed in December 2021, is at "BBB-" level with a "Stable" outlook.*

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